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of the United Nations
Environment Programme**



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ADMINISTRATIVE AND BUDGETARY MATTERS

The Environment Fund: use of resources in the bienniums 1992-1993 and
1994-1995 and proposed use of projected resources
in 1996-1997

Report by the Executive Director

Summary

The present report deals with the use of resources in the bienniums 1992-1993 and 1994-1995 (paras. 4-15) and the proposed use of projected resources in the biennium 1996-1997 (paras. 16-20). Two alternative scenarios are presented for the biennium 1996-1997: the first (Scenario I) assumes that contributions remain at the estimated 1994-1995 level of \$135 million;** the second is based on a core Fund programme of \$130 million for the biennium, as proposed by the Fund Committee at the seventeenth session of the Council. The report also considers the Fund programme reserve (paras. 21-24) and the financial reserve (paras. 25-27) and addresses the question of cash balances in the Environment Fund (paras. 28-30).

An addendum to the present report will subsequently be issued to provide the final details of the resources of the Fund and their use in 1994 in the light of the financial accounts that will be completed shortly before the eighteenth session of the Governing Council.

* UNEP/GC.18/1.

** In the present report, all references to dollars (\$) are to United States dollars.

Suggested action by the Governing Council

The Governing Council may wish to adopt a decision along the following lines:

The Governing Council,

Having considered the report of Executive Director on the Environment Fund covering the use of resources in 1994-1995 and the proposed use of projected resources in 1996-1997,

1. Expresses its appreciation to those Governments that have contributed or have pledged to contribute to the Fund at a higher level in 1994 and 1995;
2. Notes with concern that contributions received in 1994 and pledged for 1995 not only fell short of Council estimates, but may prove insufficient to finance the programme activities approved by the Council for the biennium 1994-1995;
3. Reconfirms that, in conformity with Agenda 21 and in order to be able to exercise the functions assigned to it, UNEP requires additional human and financial resources;
4. Calls upon all Governments to contribute to the Environment Fund or, where they are already contributing, to increase their contributions;
5. Urges all Governments to pay their contributions early in the year to which they relate to enable the secretariat to plan and execute the programme more effectively;
6. Approves an appropriation of 105 million dollars for Fund programme activities and decides to apportion this appropriation between the subprogrammes as follows:

<u>Subprogramme</u>	<u>Millions of dollars</u>
1. Sustainable management and use of natural resources	
2. Sustainable production and consumption	
3. A better environment for human health and well-being	
4. Globalization and the environment	
5. Global and regional servicing and support	
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7. Approves an appropriation of 5 million dollars to the Fund programme reserve for the biennium 1996-1997;

8. Reconfirms the Executive Director's authority to adjust the apportionment for each budget line by 20 per cent, within the total of the appropriations for Fund programme activities in 1996-1997;

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9. Authorizes the Executive Director to enter into forward commitments not exceeding 20 million dollars for Fund programme activities in the biennium 1998-1999;

10. Requests the Executive Director to formulate a programme for Fund activities in 1998-1999 of ----- million dollars;

11. Authorizes the Executive Director to increase gradually the level of the financial reserve to 20 million dollars by 1999;

12. Requests the Executive Director to report to the Committee of Permanent Representatives at its regular meetings on matters of programme implementation and planning.

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THE ENVIRONMENT FUND: USE OF RESOURCES IN THE BIENNIUM 1992-1993,
1994-1995 AND PROPOSED USE OF PROJECTED RESOURCES
IN 1996-1997

Introduction

1. The resources available for the financing of the UNEP secretariat and the implementation of environmental activities come from four different sources, namely:

- (a) The regular budget of the United Nations;
- (b) The Environment Fund;
- (c) Trust funds; and
- (d) Counterpart contributions.

2. Table 1 shows the resources received from each of those sources. The present report is, however, concerned only with the resources of the Environment Fund and their use. The Executive Director's report on management of trust funds and counterpart contributions is being circulated as document UNEP/GC.18/13. Annex I contains further details on the sources of funds over the period 1973-1994.

Table 1. Resources received 1992-1993, 1994 and 1995
(Millions of dollars)

	<u>1992-1993</u>	<u>1994</u>	<u>1995</u>
	(Actual)	(Estimated)	(Estimated)
Regular budget	12.5	7.0	7.0
Environment Fund	130.6	61.6	60.0
Trust Funds ¹	54.0	66.7	67.0
Counterpart contributions (to specific projects)	17.1	6.9	8.0
Total	214.2	142.2	142.0
	=====	=====	=====

3. In paragraph 1 of its decision 17/14 of 21 May 1993, the Governing Council requested the Executive Director to provide a clear distinction between programme delivery and administrative overheads. As a result, the resources of the Environment Fund are applied to finance two distinct budgetary components: Fund programme activities (see document UNEP/GC.18/9 and Add. 1); and the management and administrative support costs (MASC) (see document UNEP/GC.18/32). Annex II shows, inter alia, the proposed utilization of the resources of the Environment Fund under these two components for the biennium 1996-1997.

¹ Does not include the Multilateral Fund for the Implementation of the Montreal Protocol of \$137.66 million in 1992-1993, \$258.45 million in 1994 and similar estimate for 1995.

I. THE BIENNIUM 1994-1995.

A. Resources available during the biennium 1994-1995

4. By its decision 17/32 of 21 May 1993, the Governing Council approved an appropriation for the biennium 1994-1995 on the basis of the Fund Committee's estimate² of \$135 million in voluntary contributions (\$65 million in 1994 and \$70 million in 1995).

5. As at 31 December 1994, a total of \$61.6 million in 1994 contributions had been received into the Fund (see annex III). Further contributions are expected to be paid in respect of 1994 to bring the total up to \$65 million as originally estimated.

6. By paragraph 9 of decision 17/32, the Council urged Governments to make their pledges in advance of the year to which they relate and to pay their contributions early in the year in order for the secretariat to plan and execute the programme more effectively and avoid unnecessary carry-over of funds. As at 31 December 1994, total pledges for 1995 stood at only \$28.65 million (see annex IV). In addition, several countries have reduced their pledges for 1995. As a result, the Executive Director has felt it necessary similarly to reduce the original estimate of \$75 million in 1995 contributions to \$60 million, providing a revised planning figure of \$125 (not \$135 million) million for the biennium.

7. In paragraph 8 of decision 17/32, the Governing Council recognized "the need to broaden the base of contributions to the Environment Fund". The Executive Director continues to be concerned that the base of contributions to the Environment Fund is too narrow. Approximately 68 per cent of contributions to the Environment Fund in 1994 were accounted for by only four countries - the United States of America, Japan, the United Kingdom and Germany.

8. It is clear that once again the Governing Council is faced with problems of determining budget parameters in a situation of considerable uncertainty - a situation that faces the Executive Director in managing the Fund on a continual, even month-to-month, basis.

9. The Environment Fund is a voluntary fund, to which Governments contribute whatever they feel they can afford or wish to pay. This approach may no longer be practical, given the accepted need to strengthen the financial base of UNEP and the reaffirmed role assigned to it in Agenda 21.

10. Pledged or estimated contributions totalling \$3.99 million in respect of the years 1990-1994 were outstanding as at 31 December 1994. Given past experience, it seems likely that most of this sum will be paid during 1995, but a small portion will probably not be paid at all and will be written off. As has been the practice in past years, it is proposed to write off contributions outstanding for more than four years. Specific countries and

² UNEP/GC.17/32, annex III, para. 24.

amounts include: for 1990, Guatemala (\$500) and Jamaica (\$3,463); for 1991, Belarus (\$2,429), Guatemala (\$500), Jamaica (\$625), Ukraine (\$6,000) and Uruguay (\$10,000).

11. Although final details of the Fund's resources and their use in 1994 must await the completion of the financial accounts shortly before the eighteenth session of the Governing Council, table 2 provides a provisional picture of the total resources available in 1994-1995.

Table 2. Estimated resources available to the Environment
Fund for the biennium 1994-1995

	<u>Millions of dollars</u>
Balance of Fund brought forward	
from 1993 (including unpaid pledges)	38.78
Estimated contributions	125.00
Other income	1.00
Total resources	<u>164.78</u> =====

B. Use of resources in 1994-1995

12. In paragraph 14 and 15 of decision 17/32, the Governing Council approved an appropriation of \$120/130 million for a core programme of Fund activities for the biennium 1994-1995 and an additional appropriation of \$10 million for use as and when additional resources became available for a supplementary programme.

13. In its decision 17/33, paragraph 4, the Council approved an initial appropriation of \$41.83 million for the programme and programme support costs (PPSC) budget for the biennium 1994-1995. The revised figure is now \$41.05 million and is broken down under the heading "Management and administrative support costs budget (MASC)" in annex II below.

14. Faced with decreasing contributions to the Fund, the Executive Director was obliged to monitor carefully the cash balances and contributions, allocating the more realistic planning figure of \$120 million (as opposed to \$130 million) for the core Fund programme activities for the biennium. As at 31 December 1994, commitments for the biennium stood at \$91.44 million. The claims on resources during 1994-1995 are expected to be as follows:

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Millions of dollars

Programme and programme support costs (revised estimate)	41.05
Fund programme activities and programme reserve activities	125.00
Less underspending on Fund and reserve activities due to late project approval (10 per cent)	(12.50)
Total expenditure	153.55
Fund balance at the end of 1995	11.23
	=====

15. The flow and use of resources in 1994-1995 is set out in greater detail in annex V below.

II. THE BIENNIUM 1996-1997

Resources and their planned use

16. Although the Governing Council has recognized the need for a wider base of contributions than the current one, and the United Nations Conference on Environment and Development recommended that UNEP should be provided with additional resources, higher contribution levels have failed to materialize. The Executive Director wishes to provide the Governing Council with two alternative budgetary scenarios based upon the recommendations of the Fund Committee at the seventeenth session of the Governing Council (see UNEP/GC.17/32, annex III). The first scenario assumes contributions would remain at the same level estimated for 1994-1995, namely \$135 million, for the biennium 1996-1997; the second scenario follows the proposals of the same Fund Committee for the approval for the biennium 1996-1997 of Fund Programme activities of \$130 million for the core programme and \$20 million for the supplementary programme (UNEP/GC.17/32, annex III, para. 81).

1. Scenario I

17. On the basis of the assumption that contributions remain at the estimated 1994-1995 level of \$135 million, total resources for the biennium 1996-1997 are estimated as follows:

<u>Resources</u>	<u>Millions of dollars</u>
Balance of Fund brought forward from 1995	11.23
Contributions for 1996-1997	135.00
Other income	1.00
Total resources	147.23
	=====

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18. Total available resources of \$147.23 together with the management and administrative support costs budget of \$41.96 million, would allow the implementation of a \$105 million Fund programme during the biennium, as follows:

Planned use of resources

Millions of dollars

Management and administrative support costs	41.96
Fund programme activities	105.00
Fund programme reserve activities	5.00
Less underspending	(11.00)
Total expenditures	140.96
Balance to be carried over to the next biennium (does not include financial reserve of \$6.58 million)	6.27
	=====

2. Scenario II

19. The second scenario as suggested by the Fund Committee at the Council's seventeenth session, taking into consideration only the core portion, would be, as follows:

Planned use of resources

Millions of dollars

Management and administrative Support Costs	41.96
Fund programme activities	130.00
Fund programme reserve activities	5.00
Less underspending	(13.00)
Total expenditures	163.96
	=====

20. In order to implement a Fund programme of activities of \$130 million, including a management and administrative support costs budget of \$41.96 million, contributions of \$160 million would be required, leaving a balance at the end of the biennium of \$8.27 million, as follows:

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Resources

Millions of dollars

Balance of the Fund brought forward from previous biennium	11.23
Contributions	160.00
Other income	1.00
Total resources	172.23
Balance to be carried forward to the next biennium (does not include the financial reserve of \$6.58 million)	8.27
	=====

III. THE FUND PROGRAMME RESERVE

21. In accordance with rule 209.3 of the Financial Rules of the Fund, a Fund programme reserve has been established "to meet unforeseen needs, to finance unanticipated projects or phases of projects and to meet such other purposes as may be determined from time to time by the Governing Council". By decision 17/32, paragraph 16, the Council approved an appropriation of \$5 million to the Fund programme reserve for the biennium 1994-1995.

22. In 1994-1995, this reserve has been used to advance resources, on a reimbursable basis, to trust funds supporting international conventions facing liquidity problems due to late payment by parties to the conventions. Examples in 1994 include: the Basel Convention on Transboundary Movements of Hazardous Wastes and their Disposal, the Convention on Biological Diversity and the Mediterranean Action Plan.

23. In addition, as agreed by the Governing Council in paragraph 8 of its decision 17/38, this reserve will be used to fund the recurrent costs of the Mercure satellite telecommunications project for 1995.

24. The Executive Director suggests that the level of \$5 million be maintained for the biennium 1996-1997.

IV. THE FINANCIAL RESERVE

25. In accordance with rule 209.2 of the Financial Rules of the Fund, a financial reserve shall be established for the purpose of guaranteeing the "financial liquidity and integrity of the Fund, to compensate for uneven cash flows and to meet such other similar requirements as may be decided upon by the Governing Council".

26. The traditional purpose of a financial reserve is for protection, not for actual use. Thankfully, to date, this reserve has not had claims placed against it. If pledges were made and paid at the beginning of the year when due, there would be less of a need for this form of protection.

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27. Several Governments have shown concern about what they consider to be excessive cash balances of the Environment Fund. Paragraphs 28-30 below provide some background on the need to keep cash balances, particularly to afford the implementation of the programme during the first quarter of the year, when contributions have not yet been received. A partial solution to this problem would be the establishment of a higher financial reserve. The Governing Council is requested to authorize a gradual increase of the financial reserve to the level of \$20 million by 1999, using under-utilized Fund resources at the end of the bienniums 1994-1995, 1996-1997 and 1998-1999.

V. CASH BALANCES OF THE FUND

28. Annex VI to the present report describes carry-over balances for the period 1973-1993. These balances typically occur in organizations relying upon voluntary contributions, where timing of payment cannot be assured. They have become essential to the operation and planning of UNEP for the following four reasons:

(a) The Executive Director can only commit funds based upon cash or firm pledges by Governments;

(b) Governments generally do not pledge funds to UNEP for longer than one year, while the organization operates on a biennial basis;

(c) Governments typically remit contributions only in the third and fourth quarters of any given year (see annex VII);

(d) The Executive Director is responsible for maintaining the liquidity of the Fund.

29. This means that, in order to preserve the liquidity of the Fund and at the same time ensure the delivery of the programme, the Executive Director must make use of cash carry-over balances in the first quarters of any fiscal year, until such time as contributions are received (third and fourth quarters). What historically occurs, as a result of late payment, is that the carry-over accumulates slowly in the second half of each year. The resulting accumulation is typically not spent and appears as income in the Fund balance at the end of the year/biennium. The carry-over, in essence, affords the organization a means of secured future planning. Without it, and given the constraints mentioned above, programmes could not be implemented until such time as contributions were received. In reality, Fund expenditures closely match income received in a given period (see annex VI, "Income minus expenditures" column), but must rely upon the cash carry-over: (a) to ensure liquidity; and (b) to commit resources to future years. The Fund cannot spend what it does not have and typically will not receive until the end of any given year or biennium. While carry-over balances make future planning more possible, they can at the same time lead to the erroneous assumption of that funds are being underspent.

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30. It is understandable that Governments are concerned about cash balances. It is also understood that Governments wish to maintain the voluntary status of the Environment Fund. Possible solutions to reduce the need for cash balances might include:

(a) Governments pledging a minimum of one year in advance of when their contribution might be due; and/or

(b) Use by Governments of a staggered or incremental payment schedule for contributions throughout the year, based on official pledges;

(c) Maintenance of a higher level of the financial reserve to allow the Executive Director to approve projects at an earlier date.

Annex J
UNITED NATIONS ENVIRONMENT PROGRAMME: SOURCES OF FUNDS
1973-1994

Year	Environment Fund	%	TRUST FUNDS			Counterpart contributions	%	Regular budget	%	Total	%
			Multi-Fund*	%	Others						
1973	6,559,648	78.9			0	0	0.0	1,753,973	21.1	8,313,621	100
1974	17,777,023	87.9			0	0	0.0	2,457,919	12.1	20,234,942	100
1975	16,858,097	87.4			0	0	0.0	2,432,198	12.6	19,290,295	100
1976	27,931,816	89.9			38,000	216,796	0.1	2,889,054	9.3	31,075,666	100
1977	29,051,892	90.0			60,000	72,767	0.2	3,109,818	9.6	32,294,477	100
1978	28,477,392	87.7			299,943	0	0.9	3,705,030	11.4	32,482,365	100
1979	31,833,189	81.7			2,817,045	0	7.2	4,329,045	11.1	38,979,279	100
1980	26,834,203	74.4			3,665,475	0	10.2	5,580,573	15.5	36,080,251	100
1981	35,553,749	81.3			2,853,985	0	6.5	5,326,374	12.2	43,734,108	100
1982	30,333,560	72.1			4,484,974	1,492,698	10.7	5,746,872	13.7	42,058,104	100
1983	27,823,651	72.4			4,716,856	684,738	12.3	5,228,677	13.6	38,453,972	100
1984	22,339,680	68.6			4,044,574	1,084,266	12.4	5,108,391	15.7	32,576,911	100
1985	36,325,253	74.8			5,821,005	1,552,561	12.0	4,883,743	10.1	48,582,562	100
1986	29,378,517	72.4			4,531,891	2,742,513	11.2	3,930,100	9.7	40,583,021	100
1987	31,904,384	71.9			5,180,815	2,263,122	11.7	5,049,566	11.4	44,397,887	100
1988	34,001,819	70.6			6,896,012	2,700,424	14.3	4,544,768	9.4	48,143,043	100
1989	38,582,969	67.6			8,720,779	4,156,678	15.3	5,625,126	9.9	57,085,552	100
1990	51,644,836	65.6	665,296	0.8	16,431,284	5,345,925	20.9	4,683,833	5.9	78,771,174	100
1991	59,378,068	51.3	26,302,592	22.7	18,423,275	5,490,934	15.9	6,158,485	5.3	115,753,354	100
1992	63,744,425	38.6	62,915,973	38.1	22,146,568	10,957,926	13.4	5,521,180	3.3	165,286,072	100
1993	66,868,100	35.8	74,748,725	40.0	32,018,686	6,197,619	17.1	7,027,262	3.8	186,855,392	100
1994	65,000,000	16.0	258,451,196	63.8	67,677,759	6,978,532	16.7	7,000,000	1.7	405,107,487	100
TOTALS	778,202,291	49.7	423,083,782	27.0	210,828,926	51,932,499	13.5	102,091,987	6.5	1,566,139,485	100

Source: Financial reports and accounts 1973-1993
(1994 figures are estimates)

* Multilateral Fund for the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer.

Annex II

PROPOSED UTILIZATION OF RESOURCES OF THE ENVIRONMENT FUND AND ESTIMATED
CONTRIBUTIONS OF THE UNITED NATIONS REGULAR BUDGET 1996-1997 AND THE
CORRESPONDING AMOUNTS FOR THE BIENNIUM 1994-1995
(Thousands of United States dollars)

	Environment Fund											Total	
	United Nations regular budget*					Management and administrative support costs budget (MABC)		Fund programme activities budget					Subtotal
	1		2		3	4	5	6	(3+5+7)		(4+6+8)		
	1994-1995	1996-1997	1994-1995	1996-1997	1994-1995	1996-1997	1994-1995	1996-1997	1994-1995	1996-1997	(1+7+9)		
A. Policy-making organs	1,791.6	1,791.6	-	-	-	-	-	-	-	-	-	1,791.6	1,791.6
B. Executive direction and management													
1. Office of the Executive Director	1,854.6	1,854.6	5,822.7	4,286.4						5,822.7	4,286.4	7,677.3	6,141.0
2. Regional representation	1,457.7	1,457.7	9,219.3	10,200.7						9,219.3	10,200.7	10,677.0	11,658.4
3. Management of the Fund	-	-	3,654.8	3,779.4						3,654.8	3,779.4	3,654.8	3,779.4
4. Corporate Planning and Accountability Service	-	-	-	2,131.9						-	2,131.9	-	2,131.9
5. UNSCEAR	891.6	891.6	-	-						-	-	891.6	891.6
Subtotal	4,203.9	4,203.9	18,696.8	20,398.4	0.0	0.0				18,696.8	20,398.4	22,900.7	24,602.3
C. Programme of work	3,631.2	3,631.2	7,001.1	-	120,000.0	-				127,001.1	0.0	130,632.3	3,631.2
1. Sustainable management and use of natural resources	-	-	-	-	-	35,700.0				-	35,700.0	-	35,700.0
2. Sustainable production and consumption	-	-	-	-	-	14,400.0				-	14,400.0	-	14,400.0
3. A Better environment for human health and well-being	-	-	-	-	-	12,200.0				-	12,200.0	-	12,200.0
4. Globalization and the environment	-	-	-	-	-	15,400.0				-	15,400.0	-	15,400.0
5. Global and regional servicing and support	-	-	-	-	-	27,300.0				-	27,300.0	-	27,300.0
Subtotal	3,631.2	3,631.2	7,001.1	-	120,000.0	105,000.0				127,001.1	105,000.0	130,632.3	108,631.2
D. Programme support													
1. Conference services	2,166.5	2,166.5	1,613.0	5,467.5						1,613.0	5,467.5	3,779.5	7,634.0
2. Administrative Service	2,420.2	2,420.2	13,738.0	14,977.0						13,738.0	14,977.0	16,158.2	17,397.2
3. Telecommunication and Electronic Services	-	-	-	1,121.1						-	1,121.1	-	1,121.1
Subtotal	4,586.7	4,586.7	15,351.0	21,565.6	0.0	0.0				15,351.0	21,565.6	19,937.7	26,152.3
E. Fund programme reserve	-	-	-	-	5,000.0	5,000.0				5,000.0	5,000.0	5,000.0	5,000.0
Grand total	14,213.4	14,213.4	41,048.9	41,964.0	125,000.0	110,000.0				166,048.9	151,964.0	180,262.3	166,177.4

* Estimates based on issued allotments for 1994-1995.

Annex III

ACTUAL PAYMENTS TO THE ENVIRONMENT FUND 1990-1995
(United States dollars)
(as at 31 January 1995)

Country	1990	1991	1992	1993	1994	1995
Andorra						
Argentina	73,465	73,465	70,000	70,000	70,000	
Australia	347,520	533,528	756,100	692,472	744,163	
Austria	449,815	394,379	437,882	496,114	499,625	
Bahrain	5,238	5,235	0	0		
Bangladesh	2,541	2,550	2,550	2,550	2,464	
Barbados	1,000	3,350	1,350	1,350	2,000	
Belarus	29,585	7,123	0	0		
Belgium	340,557	594,458	382,537	326,205		
Belize	0	0	0	0	5,000	
Bhutan	0	500	500	600	600	
Botswana	3,743	4,387	4,811	4,488	4,657	
Brazil	20,000	0	20,000	0		
Bulgaria	20,288	1,639	1,260	0		
Burundi	0	6,195	5,198	4,159		
Canada	947,459	966,693	875,099	857,366	470,333	
Chile	5,000	5,000	5,000	0		
China	105,918	104,695	114,201	157,052		
Colombia	35,000	35,000	35,000	35,000	35,000	
Costa Rica	361	0	0	7,398		
Cyprus	3,000	6,000	3,000	3,000	3,000	
Czech Republic a/	31,646	16,181	30,621	35,461		
Denmark	575,678	798,085	976,309	1,394,268	1,978,402	
Egypt	6,006	6,006	5,935	5,935	5,935	
Finland	2,130,326	3,191,479	3,938,648	3,542,561	3,234,729	
France	1,765,766	2,400,000	2,004,008	1,996,818	2,003,056	
Gambia	0	0	0	5,000		
German Democratic Republic b/	224,697	0	0	0		
Germany b/	5,610,098	6,099,110	5,774,436	5,832,321	5,670,743	
Greece	12,000	12,000	11,189	17,793	19,983	
Guatemala	500	0	0	0		
Guyana	0	0	10,000	1,107		
Hungary	27,419	28,800	44,010	34,650	32,673	
Iceland	4,700	4,900	5,145	5,402	3,000	

a/ 1990 and 1991 payments made by the Government of former Czechoslovakia.

b/ 1990 payments made separately by the Governments of the Federal Republic of Germany and the former German Democratic Republic.

Country	1990	1991	1992	1993	1994	1995
India	100,000	100,000	100,000	100,000	50,000	
Indonesia	12,000	12,000	15,000	15,000	15,000	
Iran	30,000	30,000	0	0		
Ireland	85,925	77,400	101,910	83,730	91,650	
Italy	313,667	2,380,952	2,144,389	1,419,279	1,291,572	
Japan	6,896,007	7,100,000	8,000,000	9,000,000	9,000,000	
Jordan	10,000	10,000	10,000	10,000		
Kenya	27,615	31,929	40,533	15,523		
Kuwait	200,000	200,000	200,000	200,000		
Lao People's Democratic Republic	2,000	2,000	2,000	2,000	2,000	
Lebanon						
Lesotho (*)	0	0	0	1,920	2,500	2,500
Libya	0	0	0	5,000		
Luxembourg	11,537	12,828	45,732	21,450	24,113	
Malawi	0	2,627	0	0		
Malaysia	20,000	25,000	25,000	25,000	25,000	
Maldives	1,500	0	0	1,000	1,000	
Malta	4,000	0	0	4,000		
Mauritius	4,883	4,617	4,678	4,813	4,733	
Mexico	2,686	3,300	3,900	4,300	5,090	
Mongolia	1,000	1,000	1,000	0	1,000	
Morocco	10,000	10,000	10,000	10,000		
Nepal	4,725	0	0	0		
Netherlands	1,309,577	1,404,410	1,879,695	1,708,571	1,863,702	
New Zealand	78,976	77,051	73,364	73,898		
Nicaragua	0	500	0	0		
Niger	1,988	0	0	0		
Nigeria	32,000	32,000	32,000	32,000	17,600	
Norway	2,000,308	3,000,171	2,803,813	2,483,502	2,086,289	
Oman	10,000	10,000	10,000	10,000	9,985	
Pakistan	5,000	5,000	5,000	5,000		
Panama	0	4,000	4,000	4,000	5,639	4,000
Papua New Guinea	25,388	0	0	0		
Philippines	5,000	5,000	5,000	19,045		
Poland	581	8,379	102,719	100,000	100,000	
Qatar	0	10,000	0	20,000		
Republic of Korea	15,000	15,000	15,000	15,000		
Romania		189	1,509	189	1,607	
Russian Federation	5,988,360	1,933,306	500,000	499,975		
Rwanda	1,000	0	0	0		
St. Lucia	0	0	3,000	3,000		
Saudi Arabia	250,000	249,867	146,549	146,549		
Seychelles	0	0	600	600		
Singapore	1,000	1,000	1,000	1,000	1,000	
Slovakia a/	31,646	16,181	30,621	0	20,072	
Spain	593,732	593,077	862,995	719,512	635,150	

Country	1990	1991	1992	1993	1994	1995
Sri Lanka	0	0	5,000	5,000	5,000	
Swaziland	5,102	6,887	6,596	6,132	5,899	
Sweden	2,826,268	3,453,689	3,613,963	4,092,841	2,744,853	
Switzerland	1,198,003	1,767,677	2,181,818	2,631,581	1,634,752	
Thailand	10,000	10,000	10,000	10,000	10,000	
Trinidad & Tobago	2,979	0	4,235	0		
Tunisia	15,180	15,180	15,180	20,000	12,164	
Turkey	12,150	12,150	3,150	0		
Ukraine	73,092	17,597	0	0		
United Kingdom	5,691,000	6,749,200	8,253,000	6,694,200	6,153,200	
United Republic of Tanzania	0	0	8,495	0		
United States	11,505,002	15,000,000	17,124,000	21,000,000	21,000,000	15,000,000
Uruguay	10,000	0	0	0		
Venezuela	52,086	54,382	0	43,216		
Yemen	4,370	5,454	0	0		
Yugoslavia	476	0	0	0		
Zaire	3,000	0	0	0		
TOTAL	52,275,135	59,761,758	63,921,233	66,796,896	61,605,933	15,006,500

(*) Lesotho has deposited its annual contribution of \$2,500 for 1995-1998

Annex IV

ENVIRONMENT FUND
STATUS OF CONTRIBUTIONS AS AT 31 DECEMBER 1994
(in United States dollars)

COUNTRIES	Unpaid pledges as at 31 Dec. 1993	Adjustments for prior years	Pledges for 1994	Pledges for 1995 and future years	Collection in 1993 for 1994	Collection in 1994 for prior years	Collection in 1994, for 1994 and future years	Unpaid pledges for 1994 and prior years	Unpaid pledges for 1995 and future years
Andorra	0	0	0	2,080	0	0	0	0	2,080
Argentina	0	0	70,000	0	70,000	0	0	0	0
Australia c/	0	0	744,163 **	806,107	0	0	744,163	0	806,107
Austria	0	0	499,625	0	0	0	499,625	0	0
Bangladesh	2,686	0	2,550	2,550	0	2,686	2,464	86	2,550
Barbados	0	0	2,000	0	0	0	2,000	0	0
Belarus b/	2,429	0	0	0	0	0	0	2,429	0
Belize	0	0	5,000	0	0	0	5,000	0	0
Bhutan	400	0	600	600	0	400	600	0	600
Botswana	0	4,488	4,657	0	0	4,488	4,657	0	0
Brazil	0	0	0	0	0	0	0	0	0
Bulgaria	0	0	464 **	464	0	0	0	464	0
Canada	0	0	1,273,253	0	0	0	470,333	802,920	0
Colombia	0	0	35,000	35,000	0	0	35,000	0	35,000
Cyprus	0	0	53,957 **	53,957	0	0	35,461	71,942	53,957
Czech Republic b/ Denmark	52,265	1,181	1,978,402	0	0	1,394,268	1,978,402	0	0
Egypt c/ Finland	12,084	(214)	5,935	0	0	11,870	5,935	0	0
France	0	0	3,234,729	0	0	0	3,234,729	0	0
Gabon	6,000	0	2,003,056	0	0	0	2,003,056	0	0
Germany	0	0	5,670,743	0	0	0	5,670,743	6,000	0
Greece	0	0	19,983	0	0	0	19,983	0	0
Guatemala	1,000	0	0	0	0	0	0	1,000	0
Hungary b/	0	0	32,673 **	32,727	0	0	32,673	0	32,727
Iceland	0	0	3,000	3,000	0	0	3,000	0	3,000
India g/	100,000	0	100,000	100,000	0	100,000	50,000	50,000	100,000
Indonesia	0	0	15,000	15,000	0	0	15,000	0	15,000
Iran	60,000	0	30,000	0	0	0	0	90,000	0
Ireland	0	0	91,650	0	0	0	91,650	0	0
Italy	0	0	1,291,572	0	0	0	1,291,572	0	0
Jamaica c/	4,849	(136)	7,500	7,500	0	0	0	12,213	7,500
Japan	0	0	9,000,000	0	0	0	9,000,000	0	0
Kenya c/	24,393	8,582	200,000	40,000	0	15,523	0	17,452	40,000
Kuwait	0	0	2,000	200,000	0	0	0	200,000	200,000
Lao, People's Dem. Rep	0	0	2,000	2,000	0	0	2,000	0	2,000
Lebanon	0	0	0	5,000	0	0	0	0	5,000

COUNTRIES	Unpaid pledges as at 31 Dec. 1993	Adjustments for prior years	Pledges for 1994	Collection in 1993 for 1994	Collection in 1994 for prior years	Collection in 1994 for 1994 and future years	Unpaid pledges for 1994 and prior years	Unpaid pledges for 1995 and future years
Lesotho	1,806	(114)	2,500	0	1,920	12,500	0	(10,000)
Luxembourg £/	0	0	24,113	0	0	24,113	0	24,063
Malaysia	38,000	17,000	25,000	0	55,000	25,000	0	0
Maldives	0	0	1,000	0	0	1,000	0	1,000
Mauritius	0	0	4,733	0	0	4,733	0	4,733
Mexico £/	0	0	5,090	4,610	0	480	0	0
Mongolia	0	0	1,000	0	0	1,000	0	0
Morocco	0	0	0	0	0	0	0	10,000
Netherlands £/	0	0	1,863,702 **	0	0	1,863,702	0	1,888,743
Nigeria	0	0	64,000	0	14,400	17,600	46,400	22,936
Norway	0	0	2,086,289	0	0	2,086,289	0	2,202,643
Oman	0	0	9,985	0	0	9,985	0	10,000
Pakistan	0	0	5,000	0	0	0	5,000	0
Panama	0	0	4,000	5,639	0	4,000	(1,639)	0
Philippines	19,919	2,847	0	0	10,909	100,000	11,857	11,811
Poland	0	0	100,000	0	0	0	0	0
Republic of Korea	0	0	30,000	0	0	0	30,000	0
Romania £/	1,760	127	1,607 **	0	1,887	1,607	0	2,000
Saudi Arabia	0	0	80,000	0	0	0	80,000	0
Seychelles	0	600	0	0	600	0	0	0
Singapore	0	0	1,000	0	0	1,000	0	1,000
Slovakia	0	0	20,072	0	0	20,072	0	0
South Africa	0	0	0	0	0	0	0	200,000
Spain	0	0	635,150	0	0	635,150	0	880,000
Sri Lanka	0	0	5,000	0	0	5,000	0	0
Swaziland £/	0	0	5,899	0	0	5,899	0	0
Sweden	0	0	2,744,853	0	0	2,744,853	0	0
Switzerland £/	1,208,054	58,168	3,146,116 **1/	0	1,266,222	1,634,752	1,511,364	0
Thailand	0	0	10,000	0	0	10,000	0	10,000
Tunisia	0	0	12,164	0	0	12,164	0	0
Turkey	21,150	0	12,150	0	0	0	33,300	12,150
Ukraine	6,000	0	0	0	0	0	6,000	0
United Kingdom	0	0	6,153,200	0	0	6,153,200	0	7,031,250
United States	0	0	21,000,000	0	0	21,000,000	0	15,000,000
Uruguay	20,000	0	0	0	0	0	20,000	0
Total	1,582,795	1,486,797	64,434,134	80,249	2,880,173	61,575,145	2,996,787	28,628,313

1/ Switzerland pledged Sfr 4.3m for 1994 - letter of 8.10.91 to the Executive Director from the Embassy of Switzerland.

a/ Pledges specified partly in non-convertible currencies and partly in convertible currencies.

b/ Pledges specified wholly in non-convertible currencies.

c/ Pledges specified in convertible currencies other than the United States dollar.

** Converted at December 1994 United Nations rate of exchange.

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Annex V

FLOW AND USE OF RESOURCES OF THE FUND 1994-1995 AS AT 30 DECEMBER 1994

(millions of United States dollars)

	1990 Actual	1991 Actual	1992 Actual	1993 Actual	1994-1995 Estimate (as at 30.12.94)
RESOURCES					Environment Fund programme: \$120m
(a) Balance of Fund on 1 January	30.55	37.12	35.41	43.38	38.78
(b) Contributions paid, first year	50.33	59.19	62.84	66.50	61.60
(c) Unpaid pledges for first year	0.00	0.00	0.00	0.00	2.99
(d) Contributions paid, second year					0.01
(e) Unpaid pledges for second year					28.62
(f) Additional estimates for 1994-1995					31.78
(g) Miscellaneous income	-1.82	2.35	1.77	1.02	1.00
TOTAL RESOURCES	79.06	98.66	100.02	110.90	164.78
CLAIMS ON RESOURCES					
(h) Programme and programme support costs*	13.09	14.86	15.76	14.91	41.05
(i) Fund programme activities	23.49	32.32	36.31	55.87	120.00
(j) Fund programme reserve activities	1.00	1.92	1.08	1.34	5.00
(k) Additional programme	4.37	11.64	0.00	0.00	0.00
(l) Project commitments to be cancelled or rephased to later years	0.00	0.00	0.00	0.00	-12.50
(m) Total project expenditure (i+j+k-l)	28.86	45.88	37.39	57.21	112.50
(n) New premises expenditures	0.00	2.51	3.49	0.00	0.00
TOTAL CLAIMS (h+m+n)	41.95	63.25	56.64	72.12	153.55
BALANCE OF FUND ON 31 DECEMBER	37.11	35.41	43.38	38.78	11.23

*Excluding cost of new premises

Annex VI

ENVIRONMENT FUND: FUND BALANCES 1973-1993
(Thousands of United States dollars)

Biennium	(Thousands of United States dollars)										
	INCOME				EXPENDITURES				FUND BALANCE		
	Contributions from Governments	Interest income	Other income	Total income	Fund programme	Programme reserve	PPSC	Total expenditures	Income minus expenditures	CHARGES/CREDITS TO FUND Financial reserve Other	Accumulated fund balance
1973	11,828	73	(27)	11,874	3,264	0	927	4,191	7,683	(492)	7,191
1974	20,484	0	700	21,184	5,431	167	2,619	8,217	12,967	(1,158)	21,999
1975	14,153	974	677	15,804	12,388	555	5,119	18,062	(2,258)	(550)	17,573
1976-1977	52,133	2,073	1,109	55,315	37,002	260	11,475	48,737	6,578	(1,400)	26,340
1978-1979	61,436	3,360	1,543	66,339	49,813	126	15,190	65,129	1,210	(600)	26,953
1980-1981	62,416	4,536	(835)	66,117	49,754	283	19,033	69,070	(2,953)	(200)	24,568
1982-1983	58,323	5,150	(534)	62,939	46,382	636	18,869	65,887	(2,948)	(1,920)	20,815
1984-1985	57,856	3,590	2	61,448	39,488	948	20,278	60,714	734	(1,030)	21,338
1986-1987	60,372	3,887	2,681	66,940	40,517	1,314	21,796	63,627	3,313	734	25,679
1988-1989	73,482	4,556	(536)	77,502	48,799	1,390	23,092	73,281	4,221	27	30,552
1990-1991	109,525	5,732	(5,937)	109,320	71,833	2,916	30,460	105,209	4,111	756	35,419
1992-1993	129,338	4,556	(4,631)	129,263	92,182	2,419	34,160	128,761	502	2,864	38,785
1994-1995*/											

*/ Figures to be made available in the update contained in UNEP/GC.18/14/Add.1.

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Annex VII

MONTHLY CONTRIBUTION TABLE TO THE ENVIRONMENT FUND

(as at 31 December 1994)

MONTH	1990	1991	1992	1993	1994	1995
BEFORE JANUARY	2,404 1/	16,196 2/	35,362 5/	42,337 6/	80,249 7/	14,000 10
JANUARY	2,419,436	533,528	0	0	6,379	
SUBTOTAL	2,421,840	549,724	35,362	42,337	86,628	
FEBRUARY	2,007,410	3,000,171 3/	2,825,308	21,707,472	0	
SUBTOTAL	4,429,250	3,549,895	2,860,670	21,749,809	86,628	
MARCH	6,823,281	14,548,946	7,679,117	11,118,356	9,050,221	
SUBTOTAL	11,252,531	18,098,841	10,539,787	32,868,165	9,136,849	
APRIL	11,170,000	2,097,328	1,645,177	2,245,924	1,394,313	
SUBTOTAL	22,422,531	20,196,169	12,184,964	35,114,088	10,531,162	
MAY	76,132	3,223,674	9,897,033	9,020,788	5,625,278	
SUBTOTAL	22,498,663	23,419,843	22,081,997	44,134,876	16,156,440	
JUNE	2,108,214	54,382	16,128,853	738,462	1,669,425	
SUBTOTAL	24,606,877	23,474,225	38,210,850	44,873,338	17,825,865	
JULY	3,414,673	5,032,146	8,279,730	1,011,582	2,219,943	
SUBTOTAL	28,021,550	28,506,371	46,490,580	45,884,920	20,045,808	
AUGUST	5,692,000	11,123,520	7,150	9,588,701	21,493,122	
SUBTOTAL	33,713,550	39,629,891	46,497,730	55,473,621	41,538,930	
SEPTEMBER	790,411	343,721	8,573,212	3,749,000	588,788	
SUBTOTAL	34,503,961	39,973,612	55,070,942	59,222,621	42,127,718	
OCTOBER	12,954,628	497,593	2,998,861	886,341	35,048	
SUBTOTAL	47,458,589	40,471,205	58,069,803	60,108,963	42,162,766	
NOVEMBER	1,948,961	56,630	33,189	760,615	10,722,260	
SUBTOTAL	49,407,550	40,527,835	58,102,992	60,869,578	52,885,026	
DECEMBER	221,723	16,590,678	3,471,271	3,049,456	8,720,907	
SUBTOTAL	49,629,273	57,118,513	61,574,263	63,919,034	61,605,933	
AFTER DEC.	2,620,696	2,274,566 8/	2,316,349 8/	2,877,865		
SUBTOTAL	52,249,969	59,393,079	63,890,612	66,796,899		
TOTAL ESTIMATED	52,253,932	59,412,633 4/	64,022,231	66,935,895	65,604,638 9/	
TOTAL COLLECTION	52,249,969	59,393,079	63,890,612	66,796,899	61,605,933 9/	
BALANCE	3,963	19,554	131,619	138,996	3,998,705	

1/ Barbados paid \$1,000 and Colombia paid \$929 (plus \$475 from previous years) for 1990.

2/ Barbados paid \$1,350, Colombia \$1,846, Cyprus \$3,000 and Thailand \$10,000

3/ Contribution from Norway.

4/ Actual pledges and estimates = \$59,411,890. Difference of \$743 is due to 1991 advance payment from Mexico without corresponding pledge having been made.

5/ \$227 & \$33,496 advance payment from Colombia and \$1,639 from Bulgaria.

6/ Mexico \$3,649, Colombia \$34,688, Panama \$4,000.

7/ Mexico \$4,610, Panama \$5,639 and Argentina \$70,000.

8/ Payments from Bulgaria of \$3,610 for 1987 (previously credited to 1991); \$1,639 for 1991 (previously credited to 1992); and \$6,132.08 from Swaziland for 1993 (previously credited to 1992)

9/ Actual pledges and estimates = 65,607,998; Difference \$1,639 due to advance payment from Panama without corresponding pledge increase. Pledges, estimates and collections do not include \$10,000 from Lesotho for 1995-1998 and \$4,000 from Panama.

10/ Advance payments of \$10,000 from Lesotho for 1995-1998 and \$4,000 from Panama.



**Governing Council
of the United Nations
Environment Programme**

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POLICY ISSUES: EMERGING POLICY ISSUES

International Environmental Technology Centres

Report of the Executive Director

Summary

In response to Governing Council decision 17/21, the present report sets out the recent developments relating to international environmental technology centres and makes proposals concerning the future orientation of relevant UNEP activities.

Suggested action by the Governing Council

The Governing Council may wish to;

- (a) Take note of the present report, including the progress report on the UNEP/International Governmental Technology Centre (IETC);
- (b) In line with its decision on the proposed budget for 1996-1997, endorse the acceptance by the Executive Director of UNEP that UNEP should become a co-sponsor organization of the Consultative Group on International Agricultural Research (CGIAR);
- (c) Express its views regarding UNEP's future course of action as regards UNEP's own role and its partnership role in the context of international environmental technology centres, and modalities for financing endogenous capacity-building of scientific and technological centres, in particular of developing countries and countries with economies in transition.

Recent developments in international forums

1. At its second session, in April 1994, the Commission on Sustainable Development (CSD) stressed, in the context of "Transfer of Environmentally Sound Technologies, Cooperation and Capacity-building", the need for specific actions to build up and strengthen the endogenous capacities of countries to develop, assess and utilize such technologies through, inter alia, research

* UNEP/GC.18/1.

and development, and education and training, while it recognized that the expertise required for technology transfer and cooperation is being developed in many countries. The Commission reiterated the importance of public and private enterprises in technological innovation, development, transfer, use and dissemination. As regards international environmental technology centres, the Commission requested the Secretary-General to invite appropriate organizations of the United Nations system to examine the feasibility of establishing a consultative group on environmental technology centres, bearing in mind the experience of the Consultative Group on International Agricultural Research (CGIAR).

2. The 1993 substantive session of the United Nations Economic and Social Council (ECOSOC) decided, by its resolution 73/73, to request the Secretary-General to convene a consultative meeting on a coalition of resources for science and technology for development. The follow-up discussions are being coordinated by the Department for Policy Coordination and Sustainable Development (DPCSD).

3. The 1994 substantive session of ECOSOC considered the question of science and technology in its Coordination Segment. The Council stated that the 1979 Vienna Programme of Action provided a basis for the assessment and enhancement of policy development at both intergovernmental and inter-agency level and that, at the same time, Agenda 21 provided a new opportunity to revitalize the United Nations system's activities in science and technology. The system should play a more substantive role in assisting developing countries as well as countries with economies in transition. Also, endogenous capacity-building should be at the heart of United Nations activities for science and technology. The Secretary-General was requested to submit a report on the implementation of the conclusions agreed at the 1994 ECOSOC session to the 1995 substantive session of ECOSOC. For this exercise UNEP has designated its focal point. Inter-agency discussions, including the question of linkage and coordination of the work accrued from the Commission on Science and Technology for Development (CSTD) and CSD, are being coordinated by DPCSD and UNCTAD.

4. The United Nations University (UNU) relies heavily on its international networks of academic researchers and research institutions, and carries out international joint research activities, involving some training. UNU's research and training activities are coordinated by its Academic Division and by a growing number of research and training centres and programmes, namely, the World Institute for Development Economics Research (WIDER, at Helsinki), Institute for New Technologies (INTEC, at Maastricht), the Institute for Natural Resources in Africa (INRA, at Accra), the International Institute for Software Technology (IIST, at Macau), the Programme for Biotechnology in Latin America and the Caribbean (BIOLAC, at Caracas), Institute for Advanced Studies (IAS, at Tokyo), the Research and Training Centre on Governance, State and Society (at Barcelona) and the International Network on Water, Environment and Health (UNU/INWEH in Ontario, Canada). UNU also has international collaborative training activities with 24 universities and other research centres.

5. In October 1994, the first meeting of the Commission on Science and Technology for Sustainable Development in the South (COMSATS) was convened at Islamabad, Pakistan. The meeting was organized by the Ministry of Science and Technology of Pakistan, in collaboration with the Third World Network of Scientific Organizations (TWNISO) and the Third World Academy of Sciences (TWAS). The meeting was attended by government representatives from 36 countries and a number of international organizations, including UNEP. The meeting approved a formal agreement to establish COMSATS. It endorsed the establishment of a Network of International Science and Technology Centres for Sustainable Development in the South and agreed that the first nodes of the network be located at ten well-established institutions. The meeting accepted the generous invitation of the Government of Pakistan to set up the headquarters of the network at Islamabad, and to host the Secretariat of COMSATS.

UNEP activities

A. National Cleaner Production Centres

6. In collaboration with UNIDO, the UNEP Industry and Environment/Programme Activity Centre has been engaged in the establishment of National Cleaner

Production Centres (NCPCs) in a number of developing countries and countries with economies in transition. Such centres would have the mandate of raising the awareness and strengthening the skills of government and industry managers, of promoting cooperation with other countries, and of launching local demonstration projects and research. A call for proposals was launched in 1992. Thirty-nine proposals have been received to date. They are being evaluated and, with support from the Governments of the Netherlands and Denmark, funding for three years for seven centres has been secured. After three to five years, the centres should become self-sustaining.

B. Progress report on the UNEP/International Environmental Technology Centre (IETC)

7. In accordance with Governing Council decision 16/34, UNEP/IETC was officially opened in April 1994. The Centre's main function is to facilitate the transfer of environmentally sound technologies (ESTs) to developing countries and countries with economies in transition, with specific attention to urban problems such as sewage, air pollution, solid waste, noise, and to the management of freshwater lake and reservoir basins. The strategy of UNEP/IETC is based on Agenda 21 and pursues results-oriented work revolving around three issues: (a) improving access to information on ESTs; (b) fostering technology cooperation, partnerships and transfer; and (c) building endogenous capacity.

8. As a relatively new institution, UNEP/IETC will produce specific outputs which will help establish it as a centre of excellence for the study of EST transfer in its area of speciality. Outputs programmed for 1995 and the 1996-1997 biennium include: a quarterly newsletter *IETC Insight*, and other media materials creating public awareness and disseminating information on ESTs, Local Agenda 21 documents developed for selected cities in collaboration with the United Nations Centre for Human Settlements (UNCHS)/UNEP Sustainable Cities Programme (SCP), action plans for sustainable management of selected lake/reservoir basins, training needs assessment surveys in the field of decision-making on transfer and management of ESTs, design and implementation of pilot training programmes of adaptation, application and operation of ESTs, and training materials for technology management of large cities and lake/reservoir basins.

9. As a first set of activities, UNEP/IETC and UNCHS/SCP have embarked on two field-level projects in China and Poland to assist in the identification of local needs for technology transfer through the development of Local Agenda 21 in cities where environmental degradation has reached or may reach serious levels. These activities will form part of the network of SCP, whose goal is to mobilize technical and financial resources from both bilateral and multilateral sources, promote an exchange of know-how, the sharing of resources and the development of common tools and joint actions between cities in different regions of the world. By joining with SCP, UNEP/IETC can offer participating cities a proven methodology of integrated planning and bring the added dimension of helping to identify environmentally sound technologies to address specific environmental problems.

10. The China project is centred in Shenyang but will likely expand to include the city of Wuhan in late 1995. Shenyang is the capital of Liaoning Province, the fourth largest city in China and perhaps one of the most heavily industrialized cities in the world. Most of the technology however is several decades old and therefore very polluting. Two joint UNEP/IETC/SCP missions have been undertaken to date and a Memorandum of Further Cooperation regarding the Sustainable Shenyang Project was signed in March 1995.

11. The work in Poland is focused on Katowice, also a heavily polluted urban centre. The overall objective of this joint UNEP/IETC/SCP effort is to develop a Local Agenda 21 for the Upper Silesian Agglomeration, which covers an area of approximately 1,250 km² and consists of a cluster of cities with a total population of 2.3 million inhabitants. UNDP and UNCHS have completed an environmental profile of the city and conducted the first city consultation. UNEP/IETC will specifically assist the project working group on water in identifying and prioritizing drinking water-related projects, and in designing a reorganization of the legislation governing the water sector aimed at harmonizing the relationship between the environment and health sectors. UNEP/IETC is currently designing a workshop on economic tools to assist in the

management of the water sector and exploring other technical assistance inputs with SCP and UNDP to facilitate the transfer of technology to improve water supply, and sewage collection and treatment.

12. Jointly with IE/PAC and INFOTERRA, UNEP/IETC is carrying out an international survey on information sources of ESTs. This is one of the clusters of core activities on ESTs, which were identified by CSD at its second session. A questionnaire has been sent to United Nations organizations, other international and national agencies, industrial organizations, research organizations and other relevant organizations. This survey constitutes a part of the United Nations system-wide response to CSD, which is coordinated by DPCSD (Task Manager for chapter 34 of Agenda 21) and a progress report is to be provided to the third session of CSD in April 1995.

C. UNEP's expanded involvement in CGIAR

13. CGIAR was established in 1972 under the sponsorship of the World Bank, the United Nations Development Programme (UNDP), and the Food and Agriculture Organization (FAO) to finance and manage a network of international agricultural research centres (IARCs). It started with four centres, expanded to 13 by 1980 and to 16 in 1995, each with its own independent board of directors. Thirteen of them are in developing countries. The system was created to address the world food problem based on the belief that investments in scientific research would generate improved agricultural technologies, practices and policies to enable developing countries to produce more food to satisfy the needs of their people. CGIAR spearheaded the Green Revolution which was the main instrument for increased food production in developing countries, especially in South Asia.

14. In addition to its participation as an observer institution in CGIAR, UNEP has been collaborating bilaterally with a number of IARCs, notably the International Centre for Research in Agroforestry (ICRAF), the Centre for International Forestry Research (CIFOR), the Centro Internacional de la Papa (CIP), the International Food Policy Research Institute (IFPRI), the International Centre for Research in the Semi-Arid Tropics (ICRISAT), International Irrigation Management Institute (IIMI), the International Plant Genetic Research Institute (IPGRI), the International Livestock Research Institute (ILRI) and the Centro Internacional de Agricultura Tropical (CIAT).

15. In the wake of Agenda 21, CGIAR is now taking on broad issues of sustainable agriculture, while still focusing on food security. As the linkage between environment and agriculture has become more evident, the CGIAR system has oriented its programmes increasingly toward sustainability and has, at the same time, expanded its efforts in important new areas of land-use and ecosystem management.

16. At the ministerial-level meeting of CGIAR held at Lucerne, Switzerland on 9-10 February 1995, it was decided to invite UNEP, which had been a member of CGIAR since 1974, to join the co-sponsors group. By including UNEP among its co-sponsors, the system would stress the importance that it attaches to sustainable natural resources use and environmental issues. The Executive Director of UNEP has expressed her willingness to accept this invitation and for UNEP to become a full co-sponsor as of 1 January 1996, with a view to ensuring that, through UNEP's influence in the CGIAR decision-making structure, environmental considerations are an integral component of all research endeavours leading to the achievement of food security and to sustainable agriculture.

D. Developments in environmental technology centres at country level

17. Under the auspices of the African Ministerial Conference on the Environment (AMCEN), eight networks of research centres have been established and become operational in order to strengthen technical cooperation among African countries through the development of horizontal scientific and technical links; the responsibility of coordinating their activities was entrusted to their respective regional coordination units.



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ADMINISTRATIVE AND BUDGETARY MATTERS

Environment Fund: Financial report and audited accounts
for the biennium 1992-1993 ended 31 December 1993

Note by the Executive Director

Summary

The present note refers to the report of the Board of Auditors on the financial report and audited financial statements of the Environment Fund for the biennium 1992-1993, ended 31 December 1993; to the observations of the Advisory Committee on Administrative and Budgetary Questions; and to the action taken by the General Assembly in connection therewith. The Executive Director's comments on the audit report were sent to the Board of Auditors and have been reflected in the appropriate places in their report. The Executive Director's comments on the Advisory Committee's observations are set out in paragraph 5 of the present note.

Suggested action by the Governing Council

The Governing Council may wish to take note of the comments of the Executive Director on the report of the Board of Auditors on the financial report and audited financial statements of the Environment Fund for the biennium 1992-1993, ended 31 December 1993, and on the observations of the Advisory Committee on Administrative and Budgetary Questions.

ENVIRONMENT FUND: FINANCIAL REPORT AND AUDITED ACCOUNTS
FOR THE BIENNIUM 1992-1993, ENDED 31 DECEMBER 1993

1. Pursuant to regulation 11.4 of the Financial Regulations of the United Nations, General Assembly resolution 3192 (XXVIII) of 18 December 1973, and rule 213.3 of the Financial Rules of the United Nations Environment Programme, the Executive Director on 31 March 1994 transmitted the financial report and financial statements for the biennium 1992-1993, ended 31 December 1993, to the Chairman of the Board of Auditors, with copies to the Advisory Committee on Administrative and Budgetary Questions (ACABQ).

* UNEP/GC.18/1

2. The financial report and financial statements were subsequently examined by the Board of Auditors. Together with the audit opinion and report of the Board of Auditors, they were then submitted to the General Assembly at its forty-ninth session (see A/49/5/Add.6). The General Assembly also had before it the report of ACABQ (A/49/547) which contained observations and comments on the financial reports and audited accounts of all United Nations organizations. ACABQ has not made any specific observation on the financial report and audited accounts of UNEP.

3. ACABQ has, however, made a general observation that the Board of Auditors has identified several shortcomings in the way in which procurement of goods and services was being handled in the United Nations itself and in several other organizations. ACABQ reiterated its belief that the procurement system should be further developed to ensure impartiality, transparency, openness and an emphasis on competition. It further pointed out that the problem of bidding as an exception rather than the rule has been a long-standing issue and that one of the main reasons for that weakness has been poor procurement planning, which often resulted in last-minute or immediate operational requirements being used as justification for procurement of goods and services. The Advisory Committee trusts that appropriate measures will be taken by all the organizations cited by the Board of Auditors for lax procurement practices.

4. Following its consideration of the financial reports and audited accounts of all United Nations organizations, the General Assembly adopted resolution 49/216 A of 23 December 1994, in which it accepted the financial reports and audited financial statements and audit opinions and reports of the Board of Auditors, and approved the recommendations and conclusions of the Board of Auditors and the comments thereon contained in the report of the ACABQ.

5. The Executive Director has taken note of the comments and recommendations of the Board of Auditors, in so far as they apply to UNEP, and agrees with them. In connection with ACABQ's comments on procurement practices, the Executive Director has taken action to initiate advance procurement planning wherever possible. At the same time, requisitioning units will be discouraged from pressuring the purchasing unit to purchase items under a certificate of urgency.



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POLICY ISSUES: COORDINATION AND COOPERATION WITHIN
THE UNITED NATIONS

The Climate Agenda - international climate-related programmes

Report of the Executive Director

Summary

The attached executive summary of a proposal for an integrating framework entitled "Climate Agenda" presented jointly by the United Nations Environment Programme (UNEP), the Food and Agriculture Organization of the United Nations (FAO), the International Council of Scientific Unions (ICSU), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and its Intergovernmental Oceanographic Commission (IOC) and the World Maritime Organization (WMO) for international climate-related programmes. The integrating framework was prepared in accordance with Governing Council decision 17/24 of 21 May 1993, part C "Intergovernmental Meeting on the World Climate Programme". The entire proposal itself comprises an executive summary; a policy makers summary; the climate agenda; and an overview of current international climate-related programmes and of national climate activities. The complete set of reports is being made available to all Governments and is to be presented to the governing bodies of the six international bodies that implement the World Climate Programme. As recommended by the Intergovernmental Meeting on the World Climate Programme (14-16 April 1993), the preparation of the Climate Agenda was the responsibility of the Coordinating Committee for the World Climate Programme (CCWCP) with the advice of an Advisory Panel drawn from the executive boards or councils of the international organizations concerned. In the case of the Governing Council of UNEP, representatives of Japan, Nigeria, the United States of America and Venezuela were represented on the Advisory Panel. CCWCP met four times and the Advisory Panel twice. The report was prepared with the assistance of Smith System Engineering Ltd. of the United Kingdom.

* UNEP/GC.18/1.

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Suggested action by the Governing Council

The Governing Council may wish to:

- (a) Note the availability of the Climate Agenda: A proposal for an Integrating Framework for International Climate-related Programmes, which encompasses all the climate-related activities of international organizations;
- (b) Note also that the Agenda is focused upon the needs of Governments and is designed to ensure maximum synergy;
- (c) Recognize that the overall aims and priority areas developed along the four thrusts identified by the Intergovernmental Meeting on the World Climate Programme will only be attained through the participation of all nations. This requires capacity-building in developing countries and those with economies in transition, realized through training and development, improved institutional arrangements and technology transfer;
- (d) Be aware of the concerns of the Executive Committee of the World Meteorological Organization, which, at its forty-sixth session in June 1994, inter alia was dismayed by the information regarding the reduced financial allocation to the Atmosphere subprogramme of UNEP by its Governing Council. The decision to reduce and, in some cases, to remove UNEP support from climate-related activities, traditionally addressed jointly by UNEP and WMO, was also noted with concern. Further concern was expressed that UNEP, as a partner with WMO in the World Climate Programme, would not fulfil its responsibilities within that partnership, particularly in view of the importance of the issues addressed;
- (e) Endorse the proposal that UNEP be responsible for coordinating international activities under Thrust 3 of the Climate Agenda "Studies of climate impact assessments and response strategies to reduce vulnerabilities", with guidance from the Scientific Advisory Committee for the World Climate Impact Assessment and Response Strategies Programme (WCIRP);
- (f) Take note of and respond to the implications of the climate agenda and, in particular:

Request international organizations to:

- (i) Align their climate-related activities according to the priorities of the Agenda and implement these to the extent that resources permit;
- (ii) Provide, on a programme basis, a clear set of results and associated outputs in accordance with modern management practices, against which progress can be judged and against which periodic independent reviews may be carried out;
- (iii) Establish the Coordinating Committee for the World Climate Programme (CCWCP) as a formal inter-agency committee, whose tasks will include, inter alia, the ongoing determination of priorities, the seeking of resources for implementation, the review and coordination of activities and continuous monitoring of progress towards achievement of the aims of the Agenda;

Request Governments to:

- (i) Undertake those parts of the programmes for which they have the required expertise and capacity;
- (ii) Strengthen or, where they do not already exist, establish national climate programmes or programmes with similar responsibilities;

- (iv) Cooperate in building the scientific and technical capacity of developing countries and those with economies in transition in order to enable their full participation in the Agenda;
- (v) Provide a modest amount of additional resources to international organizations for the targeted purpose of coordinating the implementation of the Climate Agenda and for the overall management of the programmes, through the inter-agency coordinating committee and management of the individual thrusts.

ANNEX

THE CLIMATE AGENDA

INTERNATIONAL CLIMATE-RELATED PROGRAMMES

A Proposal for an Integrating Framework

by

FAO, ICSU, UNEP, UNESCO and its IOC, WMO

(EXECUTIVE SUMMARY)

Governments have obligations to ensure the successful implementation of international agreements on climate-related issues and responsibilities to their national climate-sensitive sectors. These require governments to formulate and implement policies and strategies to deal with climate variability and potential anthropogenic climate change and to devise means to achieve sustainable development.

International climate-related programmes enable nations to address shared goals, in a cost-effective manner, through the pursuit of national activities within an agreed international framework and to benefit from the worldwide effort. These programmes have already provided scientific understanding, technology and data needed for assessments, such as those of the Intergovernmental Panel on Climate Change, and to inform policies for sustainable development, such as the United Nations Framework Convention on Climate Change.

The development of policies and strategies to satisfy these new and emerging obligations requires an enhanced understanding of the climate system and its interaction with human activities and a much wider application of this knowledge, as set out in this Climate Agenda.

The Climate Agenda can be fully implemented within the existing structure of international climate-related programmes if:

International organizations sponsoring climate-related programmes:

- strengthen and extend existing international programmes according to the priorities of this Agenda;
- introduce management practices which monitor outputs against agreed performance standards;
- ensure better planning and coordination by establishing an inter-agency coordination mechanism; and

Governments:

- increase support to national activities, as part of international programmes which they have helped to design;
- strengthen or establish, as appropriate, national climate programmes, or programmes with similar responsibilities;
- build scientific and technical capacity in developing nations and nations with economies in transition;
- fund international planning and coordination mechanisms;
- take decisions in response to the Climate Agenda at meetings of the governing bodies of the international organizations involved in the Agenda.

All nations are affected by climate. It is a resource that shapes society and implicates many economic sectors. Natural climate variability, especially extreme events such as drought and resulting famine, can have catastrophic consequences for nations and their populations. In addition, possible human-induced climate change has the potential to be extremely costly, in financial, human and ecological terms. Understanding of the climate system enables nations to increase their resilience to these events and benefits their climate-sensitive sectors such as agriculture and fisheries.

Governments have commitments to ensure the successful implementation of international agreements on climate-related issues. These commitments were triggered, mainly, by concerns about human-induced climate change, its potential adverse impacts and its relationship to the goal of sustainable development.

One of these international agreements, the United Nations Framework Convention on Climate Change (FCCC), has as its overall objective "... stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. Such a level should be achieved within a time frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner."

The required level of stabilization cannot be determined without further research and systematic observation to improve understanding of the effects of anthropogenic emissions of greenhouse gases on the climate, and of the impacts of such effects with regard to, for example, ecosystems, sea-level rise, agricultural production and economic development. The associated time frame implies that this work needs to be undertaken without delay.

The task of understanding the climate system is too large for any one nation or indeed international organization, to address in isolation. As a result, to address the needs of Governments, the World Climate Programme was established following the First World Climate Conference. It identified shared goals and adopted an implementation strategy based upon coordinated voluntary contributions of nations within an international framework. Work carried out under the World Climate Programme and other international climate-related programmes formed the basis of the assessments of the Intergovernmental Panel on Climate Change and informed the negotiation of the FCCC and other international agreements aimed at sustainable development.

Although the climate system is global in nature and many decisions related to it are best dealt with through international agreement, nations must also take decisions on a local and regional basis. Efforts are underway to determine how climate data and understanding can be turned into useful products for application in different sectors of society, and to increase preparedness for both natural and human-induced climate hazards.

Achievements to date

Recognizing that the obligations arising from international agreements and national needs for social and economic development place increased demands on international climate-related programmes, governments at the Intergovernmental Meeting on the World Climate Programme (IGM-WCP), held in Geneva in April 1993, reviewed the ability of these programmes to respond to these challenges. They concluded that achievements to date have been significant, for example:

- **Research** into the basic processes of the climate system and simulations of climate has resulted in improved understanding of the climate system. Numerical models have reproduced some key features of global climate change over the past 150 years and hence provide increased confidence in predictions of the future climate. In addition, experimental seasonal forecasts are now available which have allowed governments in some tropical regions to anticipate and alleviate adverse climatic effects on their economies and populations.

- **Observations** of the climate system, made by operational and research systems, provide basic data of fundamental importance. As a result of international coordination of these nationally-funded observation systems, a number of high-quality, multi-disciplinary, global datasets are now available for use in understanding the global climate system and these provide the initial basis for detection of potential anthropogenic climate change.

- *Application of climate data, primarily from historical data banks and current weather and climate observations has enabled nations to make informed decisions in climate-sensitive sectors of their economies. For example, early warning systems that continuously monitor environmental conditions in order to evaluate their impact on food crops have been developed and deployed in Africa, Asia and Latin-America.*
- *Impacts of climate have been studied on a country basis, employing methodologies agreed upon at an international level. These studies have assisted governments in the identification and implementation of suitable policy options and response measures to mitigate adverse effects of climate variability and change. The FCCC requires that Parties carry out and report country studies and the pioneering work already carried out will be invaluable to countries in discharging their obligations under the FCCC and in determining how they might respond to future climate change.*

Governments, at the IGM-WCP, concluded that while a substantial amount had already been achieved, these new and evolving requirements would only be met through a greater integration and improved prioritization of the climate-related programmes of the involved international organizations. The remainder of this document describes the response of these organizations to the IGM-WCP.

The Climate Agenda: A Proposal for an Integrating Framework for International Climate-Related Programmes

The Climate Agenda encompasses all the climate-related activities of international organizations*. It is focused upon the needs of governments and is designed to ensure maximum synergy.

This Agenda, whose overall aims and priority areas are shown in the tables below, will be developed along four main thrusts:

1 New frontiers in climate science and prediction

Aim: the ability to simulate past, present and future climates, including the influence of human activity, at those spatial and temporal scales of interest to governments.

Priority areas

- Enhanced understanding of the physical processes within the climate system, in particular the transfer of heat, radiation and water within the atmosphere and at the Earth's surface and the transport of heat and salinity by the oceans.
- Enhanced understanding of the biogeochemical processes in the climate system and their incorporation into climate models.
- The development and implementation of the next generation of research observational systems to support the above initiatives.

* These comprise those organizations which implement major climate-related programmes, namely the United Nations Food and Agriculture Organization (FAO), the non-governmental International Council of Scientific Unions (ICSU), the United Nations Environment Programme (UNEP), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and its Intergovernmental Oceanographic Commission (IOC) and the World Meteorological Organization (WMO); the United Nations Development Programme (UNDP) which acts primarily as a funding agency; and others such as the World Health Organization (WHO) and the non-governmental International Social Science Council (ISSC) which operate climate-related programmes.

- Closer collaboration between social and natural sciences in order to investigate human influences on the climate system.

2 Climate services for sustainable development

Aim: the introduction, on an operational basis, of information and predictions on climate, climate change and climate variability into socio-economic decision-making on a world wide basis.

Priority areas

- Transfer of research methodologies for climate prediction into operational climate prediction services.
- Establishment and maintenance of a network of National and Regional Climate Centres to provide and promote climate services and disseminate products - with appropriate safeguards and consideration given to the commercial sensitivities of any of the climate products which countries deem necessary or desirable.
- Further research into the applications of climate data and products in order to make best use of new analyses and forecasts.

3 Studies of climate impact assessments and response strategies to reduce vulnerabilities

Aim: to identify the means by which nations could reduce their vulnerability to climate, climate variability and both natural and anthropogenic climate change.

Priority areas

- Provision of assistance to developing countries, and countries with economies in transition, to reduce their vulnerability to climate and increase their national capability to prepare for and adapt to climate variability and change as global partners in implementing the FCCC.
- Substantial mobilization of expertise from the social and economic sectors to assist nations in developing mitigation and response strategies.

4 Dedicated observations of the climate system

Aim: to provide on an operational basis systematic climate observations for climate system monitoring, including response and impacts; climate change detection; and research, modelling and prediction.

Priority areas

- Comprehensive observations of climate parameters for early detection and documentation of climate change, its regional distribution, timing and ecosystem impact; initialization and validation of models for seasonal to interannual prediction; and to support the objectives of the other Thrusts of the Climate Agenda.
- Enhancement of existing observing networks.
- Continuation of stations with long observational records (eg part of a Global Climate Reference Network).
- Close coordination, during design and implementation phases, between the observing systems being planned for the different components of the climate system to ensure that climate requirements are met.

Development of mechanisms which allow nations to implement and maintain the global climate observing system.

These aims will only be attained through the participation of all nations. This requires capacity-building in developing countries and those with economies in transition, realized through training and development, improved institutional arrangements and technology transfer.

Implications of the Climate Agenda

The Climate Agenda has implications for both international organizations and governments. Its successful implementation requires actions and commitments from each.

I For International Organizations

International organizations will:

- Align their climate-related activities according to the priorities of this Agenda and implement these to the extent that resources permit.
- Provide a clear set of results and associated outputs, by project, in accordance with modern management practices, against which progress can be judged and against which periodic independent reviews may be carried out.
- Establish a formal inter-agency committee, whose tasks will include, *inter alia*, the on-going identification of priorities, resource requirements and the means by which these are to be obtained, the review and planning and coordination of activities and continuous monitoring of progress towards achievement of the aims of this Agenda.

II For Governments

The implementation of the Climate Agenda requires concrete actions and financial commitments from governments and other national and regional bodies. In particular, delivery of results within a time-frame that is useful for governments requires:

- Governments to undertake those parts of the programmes for which they have the required expertise and capacity. All nations can and should participate.
- Strengthening, or establishment where they do not already exist, of national climate programmes, or programmes with similar responsibilities. Such programmes are essential in the light of the multi-disciplinary and multi-agency nature of climate-related activities and help to ensure that a nationally coordinated and consistent approach to international programmes is taken and thus facilitate decision-making both nationally and internationally.
- Governments of developed countries to cooperate in building the scientific and technical capacity of developing countries and those with economies in transition in order to enable their full participation in this Agenda. Building the capacity of developing nations to contribute to international programmes benefits all nations through enhanced information on, and understanding of, the climate system.
- Provision of a modest amount of additional resources to the international organizations involved in the Climate Agenda for the targeted purpose of coordinating the implementation of the Agenda. Additional resources are required for overall planning and coordination of the programmes, through the inter-agency committee as described above, and planning and coordination of the individual Thrusts. The amounts are relatively small

compared to the costs of the programmes themselves, typically 1% or less, but their provision will ensure that the programmes are implemented efficiently and effectively. It is estimated that an additional US \$5 million per year is required.

Decisions to be taken by the governing bodies of the international organizations responsible for the implementation of this proposal.



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POLICY ISSUES

The environmental situation in the occupied Palestinian
and other Arab territories

Report of the Executive Director

Summary

The present report reviews the implementation of Governing Council decision 17/31 which requested the Executive Director, *inter alia*, to update the report on the state of the environment in the occupied Palestinian and other Arab territories and to provide the necessary technical assistance in Palestinian institutional and self-capacity-building in the field of the environment.

Suggested action by the Governing Council

The Governing Council may wish to adopt a decision along the following lines:

The Governing Council,

Recalling the decisions of the Governing Council on the environmental situation in the occupied Palestinian and other Arab territories, and relevant resolutions and decisions of the Security Council, the General Assembly and the Economic and Social Council,

Recalling also the results of the United Nations Conference on Environment and Development, particularly principle 23 of the Rio Declaration on Environment and Development,

Taking note of the Executive Director's report on the environmental situation in the occupied Palestinian and other Arab territories,

(a) Notes with satisfaction the progress which has been made in the Middle East peace process since the last session of the Governing Council;

* UNEP/GC.18/1.

(b) Welcomes the activities which the United Nations Environment Programme is undertaking within the framework of the Multilateral Working Groups of the Middle East peace talks, and requests the Executive Director to continue to intensify such support;

(c) Expresses its concern over the continued degradation of the environmental conditions in the occupied Palestinian and other Arab territories, including those in the Palestinian National Authority, and urges the United Nations Environment Programme to take a prominent role in the activities of the Secretary-General's Special Coordinator for the Occupied Territories in order to ensure that environmental concerns are given due priority in all the cooperative programmes under the jurisdiction of his office.

The environmental situation

1. Since the adoption of decision 17/31 on 21 May 1993, there have been significant changes in the political situation in the Middle East. The signing of the Declaration of Principles at Oslo on 13 September 1993, the pledging of US\$ 2.3 billion on 1 October 1993 at the subsequent donors' conference and the establishment of the Palestinian National Authority in the Gaza Strip and Jericho have reflected well on the dual-track diplomacy process established by the Madrid Conference, under the stewardship of the United States of America and of the Russian Federation, and with the crucial intermediary role of the Norwegian Government. Most of all, political accommodation by the Government of Israel and the Palestine Liberation Organization has laid the foundation for a lasting peace in the Middle East, despite the formidable obstacles which still remain.
2. One result of these changes is that UNEP now has access to the Occupied Territories and has been able to pursue the implementation of decision 17/31, even though the drastically altered circumstances have warranted a different approach. For example, significant initiatives have been taken by the World Bank, UNDP and the Government of the Netherlands in the field of the environment. The Government of Austria is assisting an environmental non-governmental organization (NGO) in the West Bank in the field of environmental data and the Government of the Netherlands has called for an environmental profile of Gaza and is planning to commence work in the West Bank later in 1995.
3. From the reports of these various projects and programmes it is clear that serious environmental problems exist in the Gaza Strip. The influx of large numbers of refugees (575,000 out of the total population of 850,000) has led to high population densities, particularly in the refugee camps. Over the 27 years of occupation, there has been a significant degradation of the natural and human environment. Overexploitation of groundwater has led to a drop in water levels and saline intrusion in the coastal zone. Poor solid waste collection, transport and disposal systems pose a public health hazard and an environmental threat. Inadequate domestic water supplies and poor wastewater systems also threaten health.
4. It is considered that human and animal life is directly threatened and this requires an immediate response. Elsewhere, the unsustainable use of scarce natural resources may inhibit the economic and social development of the Gaza Strip in the medium term**.
5. Given the above-mentioned initiatives, it became important for UNEP not duplicate these efforts, but rather to direct its attention to the second part of decision 17/31. Thus the main progress has been in assisting Palestinian capacity-building in the field of the environment.

** Gaza Environmental Profile, part one: Inventory of Resources, Palestinian Environmental Protection Authority/Euroconsult/International Water Consultants (IWACO). The Benevolent Society for the Gaza Strip, Gaza, June 1994, 60p.

6. The existence of the dual-track process has also imposed ground rules on the way in which UNEP has been able to provide such assistance. UNEP is represented in both the Multilateral Working Group on Water Resources, in which the UNEP representative heads the United Nations delegation, and the Multilateral Working Group on the Environment. In both Working Groups, assistance in regional cooperation is closely governed by the procedures established by the regional parties and the sponsors.
7. In the case of direct assistance to the Palestinian people, which at present is largely to Gaza, United Nations assistance is now controlled by the Office of the Secretary-General's Special Coordinator in the Occupied Territories (UNSCO), headed by Mr. Terje Rod Larsen. This office has established both inter-agency and bilateral mechanisms to ensure that assistance is delivered in a timely and coordinated fashion.
8. UNEP will play an active role in two of the Working Groups established by UNSCO, dealing with infrastructure and housing and health. In addition, it has responded to specific assistance requests made by representatives of the Palestinian National Authority prior to the establishment of the coordinating mechanism.

Specific assistance to the Palestinian National Authority

9. The principal assistance provided by UNEP has been in the field of environmental information networks and decision support systems. Such networks and data systems are an essential prerequisite for environmental planning systems, environmental impact assessment and sustainable development. The decision support systems will enable planners and decision makers to assess the social, economic and environmental impacts of different development scenarios and to choose options on the basis of objective and quantifiable indicators. With the assistance of the Government of Norway, the detailed formulation phase of this project was launched in early 1995 after discussions with the Palestinian authorities on the most appropriate institutional framework to adopt. The newly formed Palestinian Environmental Planning Directorate will be the hub of the environmental networks and the chief repository of environmental databases.
10. Because of the lack of institutional infrastructure and the scattered nature of the available environmental data, the project will aim at strengthening or establishing "satellite" databases in municipalities, universities and appropriate NGOs. These will be linked to the Environmental Planning Directorate, which, in turn, will have access to international networks when outside information is required. The project should become fully operational in mid-1995, given the approval of the capacity-building programme. In addition, Infoterra is seeking to establish the Environmental Planning Directorate as a cooperating centre, with the intention of assisting it to become a national Infoterra focal point in due course.
11. Another UNEP initiative is directed towards capacity-building within the Gaza municipality. In view of the large infrastructural investments which will take place through bilateral and multilateral assistance, it is essential to establish a capacity for planning, monitoring and assessing environmental aspects of this complex development programme. Such an environmental health and human settlements database and planning centre will also be a major node on the environmental network serving the Environmental Planning Directorate.
12. One continuing activity in cooperation with the World Health Organization (WHO) has been the promotion of environmental health and development in Palestine refugee camps. This activity has involved the training of environmental health officers and support to the subsequent training of camp sanitation officers. Approximately 100 camp sanitation officers have been trained under this programme, and a manual on environmental health in refugee camps has been produced. Arrangements are being made to augment the training activities through supervision of the trainers by the Eastern Mediterranean Regional Office of WHO. This activity will conclude in December 1995.

Regional cooperation

13. Through the two multilateral working groups of the multilateral peace talks, UNEP has been able to play a part in the activities set out in subparagraphs a-d below.

(a) Desertification

A major desertification initiative was undertaken by the World Bank which culminated in a programme which was presented to the regional parties in October 1994. Part of this programme is the Arava Valley Project, which was initiated by the Interim Secretariat of the Convention to Combat Desertification and is to be implemented by the Drylands Ecosystems and Desertification Control Programme of UNEP.

The Arava Valley was the site of the historic signing of the peace agreement between Jordan and Israel on 23 October 1994. It is entirely appropriate, therefore, that it should be the one of the first tripartite projects to be implemented in the desertification initiative.

(b) Desalination

At the Muscat meeting of the Multilateral Working Group on Water Resources in 1993, a proposal was made by the Government of Oman to establish a regional centre for desalination research. This proposal found overwhelming support among the regional and extra-regional parties. Desalination is seen not only as a potentially clean technology which can release the pressure from many overstressed water sources in the Middle East, but also as a future competitor with conventional water production systems, if the costs can be reduced by technological improvements.

Five years ago, desalination costs world-wide were of the order of US \$5 per cubic metre of processed water. Now, costs of less than US \$2 are reported, with even lower costs in the case of brackish water.

From an environmental point of view, UNEP views the establishment of the desalination research centre as an important and timely initiative to combat increasing stress in arid lands and a possible factor in solving the increasing competition for natural resources which is at the heart of the Middle East peace process.

UNEP has promised support to the Government of Oman in accelerating the process of establishing the centre. This activity is undertaken in concert with the catalytic and coordinating efforts of the United States State Department.

(c) Training in environmental impact assessment

As part of the programme on regional training coordinated by the European Union, UNEP will organize the second training course on environmental impact assessment in the second half of 1995. The training course will draw participants from the whole Middle East region with priority given to Palestinian candidates.

(d) Report on environmental problems in the Middle East region

A report on environmental problems in the Middle East region and the possible contribution of UNEP to their solution was presented to the Multilateral Working Group on the Environment, which met in Tokyo, Japan from 24-25 May 1993. This brief report identified desertification and soil degradation as being a major problem in the Middle East and suggested capacity-building measures which could be taken and in which UNEP could play an important role. The report also detailed UNEP's activities in the Middle East region.



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POLICY ISSUES: EMERGING POLICY ISSUES

Implementation of Governing Council decision 17/27:
"Action for countries with economies in transition"

Report of the Executive Director

Summary

The present report outlines progress achieved in implementing Governing Council decision 17/27. The new geopolitical context in Central and Eastern Europe requires an imaginative approach to handling an extremely complex and rapidly evolving environmental situation, as recognized in the preamble of Agenda 21. The UNEP work programme in Europe was developed in light of these changing circumstances and in full cooperation with the Governments concerned, the Economic Commission for Europe (ECE), the United Nations Development Programme (UNDP) and relevant organizations, taking into account the priorities defined at the Lucerne Conference on Environment for Europe. It addresses all the countries with economies in transition belonging to the Economic Commission for Europe, a list of which is to be found in the annex to this document. An intensive process of consultations with European Governments, initiated by UNEP's Regional Office for Europe, brought to light a number of environmental needs not addressed through UNEP's global activities or the activities of other organizations. The UNEP Coordinated Programme for Europe aims at obtaining an improved understanding of regional needs and priorities; developing operative partnerships; coordinating programme design and implementation; strengthening UNEP and Global Environment Facility (GEF) operations in countries with economies in transition; and identifying and formulating new projects. The present report presents first the activities carried out during the 1994-1995 biennium, and then a brief description of the activities planned for 1996-1997.

* UNEP/GC.18/1.

Suggested action by the Governing Council

The Council may wish to take note of the progress achieved so far in assisting the countries with economies in transition with their environmental problems within the framework of the "Environment for Europe" process and request the Executive Director to continue these efforts, particularly to develop the survey on the environmental activities and priorities in the European region into a database as a tool for policy and priority-setting in the region.

I. ACTION UNDERTAKEN BY UNEP IN 1994-1995 IN COUNTRIES
WITH ECONOMIES IN TRANSITION

A. Encouraging a regional policy dialogue
on environmental issues

1. UNEP's Regional Office for Europe (ROE) has stimulated dialogue on policy and strategic directions in a number of areas of direct concern to the countries in transition. ROE provided a forum on such issues as joint implementation of the Climate Convention, biodiversity, and military activities and the environment. A regional workshop on the last-mentioned issue will be convened jointly by Sweden, ECE and others in 1995.
2. Briefing sessions with the Permanent Missions to the United Nations in Geneva have become a regular feature of ROE activities. The Caspian Sea is an example of an area for which the Office facilitated regional coordination and policy development. In 1995, an inter-agency consultation was organized by ROE, followed by a UNDP/World Bank/UNEP fact-finding mission to prepare a regional environmental action plan for the Caspian Sea. This initiative followed studies on sea-level rise by a task team established by UNEP in 1994.
3. UNEP is contributing fully to preparations for the Ministerial Conference on the Environment scheduled for October 1995 at Sofia, Bulgaria, and will support in particular attendance by countries with economies in transition.
4. At the request of some Governments, ROE in 1995 initiated a survey of environmental activities and priorities in the European region in order to get a clear mapping of the main activities of international and regional organizations in the environmental field and avoid duplication of efforts. It is intended that the survey be developed into a database, enabling ROE to build on UNEP's strengths and avoid duplication of efforts in the region.

B. Strengthening environmental management capabilities

5. In 1993, UNEP and ECE launched a joint project for strengthening environmental management capabilities in Eastern and Central European countries through a series of regional workshops entitled "Legal and Regulatory Framework for Environmental Management," "Institutional Arrangements and Coordination Mechanisms for Environmental Planning and Management," "Environmental Policy Planning and Management Techniques," and "Application of Economic Instruments for Environmental Management." The project resulted in "Guidelines on Integrated Environmental Management in Countries in Transition", which were approved by the ECE Committee on

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Environmental Policy in April 1994 and widely disseminated in English, French and Russian. An information database on policies and practices for environmental management in countries with economies in transition was set up as result of the project.

C. Assistance for the implementation of the
global environmental conventions

6. UNEP has facilitated a pan-European dialogue on the implementation of global environmental conventions and provided technical assistance to the countries with economies in transition in this respect. ROE provided a platform for informal exchanges of information on issues such as joint implementation and biosafety, in full cooperation with the relevant convention secretariats and without prejudice to the ongoing negotiating process. In 1994, a subregional workshop was organized for the Baltic countries to facilitate the ratification and implementation of the Convention on Biological Diversity. The workshop was instrumental in helping, for example, Latvia to take steps to ratify the Convention, and Estonia to request a biodiversity country study from UNEP. Its results will be brought to the attention of the Sofia Conference. A similar workshop is planned in 1995 for all Central and Eastern European countries.

7. In 1994, the Ozone Secretariat, GEF, ROE and the Interstate Ecological Council jointly organized a meeting at Minsk, Belarus, on the implementation of the Montreal Protocol in the Commonwealth of Independent States and the Baltic States. The meeting succeeded in bringing donors' attention to the Central Asian Republics and in giving them the tools to ratify the Montreal Protocol. On this occasion, a cooperation agreement was signed between UNEP and the Interstate Ecological Council.

8. In 1995, an environmental legislation regional workshop will be convened by UNEP to further promote the implementation of global environmental conventions in countries with economies in transition.

9. Through such actions, UNEP discharges its mandate to ensure implementation of global conventions by Governments in a cost-effective way, by ensuring coordinated transfer of technology and capacity-building.

D. Other activities in support of countries with
economies in transition

10. The technical experience gained by UNEP over the years in providing environmental assistance to Governments was fully used in the development of the UNEP programme for the countries with economies in transition. Many of the activities included in the various sub-programmes of the 1994-1995 programme of work benefit those countries directly or indirectly. This applies in particular to the areas of water, regional seas, terrestrial ecosystems including desertification, environmental health, environment economics, toxic chemicals and wastes, industry, and environmental information systems. Further details of these programmes in countries with economies in transition are contained in a background document available on request and entitled "UNEP activities in support of countries with economies in transition under various sub-programmes".

II. ACTIVITIES PLANNED FOR 1996-1997

11. UNEP, through ROE, will continue to assess the most urgent and emerging environmental needs of the countries with economies in transition, as well as the risks of duplication between existing programmes. To that end, the database set up at ROE on regional environmental activities and programmes will be completed and updated on a regular basis. Close cooperation will be maintained with the European Environmental Agency and United Nations bodies.

12. The special programme for countries with economies in transition, set up by ROE, will focus in 1996-1997 on assistance to Governments in building their environmental infrastructure and integrating environmental concerns into the economic transition, developing environmental legislation and intersectoral linkages, and promoting cross-fertilization between programmes. ROE will support in particular the participation of countries with economies in transition in region-wide debates on sustainable production and consumption patterns and ways of steering economic development within the bounds of the environment's carrying capacity. It will also be involved in the preparation of a pan-European strategy for regional seas, and continue its activities related to the Caspian and Aral Seas, and the implementation of international conventions.

13. In its activities, ROE will ensure the coordinated delivery of the UNEP programme in the region, jointly with all global programmes concerned. Information on the work carried out with the European industrialized countries to develop new policies and environmental instruments will be widely disseminated to countries with economies in transition, thus facilitating the pan-European policy dialogue. The above activities will be carried out without any significant increase in the staff or resources of UNEP's ROE.

Annex

COUNTRIES WITH ECONOMIES IN TRANSITION

1. Albania
2. Armenia
3. Azerbaijan
4. Belarus
5. Bosnia and Herzegovina
6. Bulgaria
7. Croatia
8. Czech Republic
9. Estonia
10. Georgia
11. Hungary
12. Kazakhstan
13. Kyrgyzstan
14. Latvia
15. Lithuania
16. Poland
17. Republic of Moldova
18. Romania
19. Russian Federation
20. Slovakia
21. Slovenia
22. Tajikistan
23. The former Yugoslav Republic of Macedonia
24. Turkmenistan
25. Ukraine
26. Yugoslavia



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**PARTICIPATION OF THE UNITED NATIONS ENVIRONMENT PROGRAMME
IN THE WORK OF THE GLOBAL ENVIRONMENT FACILITY**

Report by the Executive Director

Summary

The present report reviews UNEP's role in the Global Environment Facility (GEF) on the basis of the Instrument for the Establishment of the Restructured GEF, which invited UNEP to be one of the three Implementing Agencies, and the Governing Council decisions 17/40 and SS.IV/1. In decision SS.IV/1, the Council adopted the Instrument; requested the Executive Director to consider ways of enhancing the capacity of UNEP to fulfill its role in GEF; and requested the Executive Director to include in the agenda of the eighteenth regular session of the Council an item on the participation of UNEP in GEF and to present a progress report to the Council thereon. Under the Instrument (see its annex D), UNEP is assigned particular responsibility for catalysing analysis and advancing environmental management in GEF; providing guidance on relating GEF-financed activities to global, regional and national environmental assessments, policy frameworks and plans, and to international environmental agreements; and establishing and supporting GEF's Scientific and Technical Advisory Panel (STAP).

Suggested action by the Governing Council

The Governing Council may wish to:

(a) Note with satisfaction the actions of the Executive Director in enhancing UNEP's role as a full partner in GEF through the reconstitution of the Scientific and Technical Advisory Panel, participation in the development of GEF's operational strategies, developing and implementing projects of a strategic nature and strengthening UNEP's GEF organizational support structure;

(b) Request the Executive Director to continue to cooperate effectively with the GEF Council, the GEF Secretariat and the other Implementing Agencies, bearing in mind UNEP's responsibilities under the Instrument for the Establishment of the Restructured GEF and its role as the principal body in the United Nations system for environmental matters by:

* UNEP/GC.18/1.

- (i) Mobilizing scientific and technical expertise for GEF, including through the reconstruction of STAP and by providing its secretariat;
- (ii) Participating in the development of GEF policies and operational strategies in collaboration with the GEF Secretariat, UNDP and the World Bank; and
- (iii) Undertaking specific types of catalytic project-related activities with significant value-added to further the strategic objectives of GEF and cooperating with the other Implementing Agencies in assisting developing countries and countries with economies in transition.

Developments Since the Fourth Special Session

1. UNEP's participation in GEF has taken place along four principal tracks:

- (a) Contributing to further development of the restructured GEF through inter-agency task forces chaired by the GEF Secretariat, particularly in preparing draft operational strategies for the GEF focal areas (climate change, biodiversity, international waters, ozone layer), in proposing the work programme for 1995 and in helping design proposals for various aspects of GEF's governance;
- (b) Reconstituting STAP as an independent advisory body to GEF;
- (c) Completing the activities of the GEF pilot phase, including providing the secretariat to STAP in the pilot phase and managing UNEP's GEF projects approved for funding during the pilot phase; and
- (d) Designing and establishing appropriate management structures and work programmes within UNEP itself for effective participation in the restructured GEF.

Strategy and Programme Focus

2. An important milestone in UNEP's GEF activities was the production of the United Nations Environment Programme Global Environment Facility Strategy and Programme Focus". Its development was approved within the UNEP Secretariat and made available to the GEF Council at its request at its second meeting in November 1994. The document was based on UNEP's GEF policy as approved by UNEP's Executive Committee in April 1994 and on UNEP's Corporate Programme Framework 1994-1995.

3. UNEP's role in GEF is characterized in the Strategy and Programme Focus document in three distinct, but interrelated groupings of activities:

- (a) Mobilizing scientific and technical expertise for GEF, including through the establishment of STAP and by providing its secretariat;
- (b) Participating in the development of GEF policies and operational strategies in collaboration with the GEF Secretariat, UNDP and the World Bank; and
- (c) Undertaking specific types of catalytic project-related activities with significant value-added to further the strategic objectives of GEF and cooperating with the other Implementing Agencies in assisting developing countries and countries with economies in transition.

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4. UNEP will assist developing countries in implementing the United Nations Framework on Convention Climate Change and aid the work of the Convention's Secretariat. UNEP will help formulate GEF's biological diversity policies and strategies, catalyse and support specific project-related activities and generate knowledge needed for early implementation of the Convention on Biological Diversity Convention. With international waters, the emphasis will be on assessment, problem identification, research and generating policy and strategy options. Ozone efforts will focus on assisting countries with economies in transition to meet the provisions of the Montreal Protocol. With regard to land degradation, UNEP will address desertification and deforestation issues as they relate to GEF focal areas.

Reconstitution of STAP

5. At the second meeting of the GEF Council in November 1994, UNEP presented a paper on the role and mandate of STAP (GEF/C2/4). The Council requested UNEP to proceed with the establishment of STAP on the basis of the option UNEP had recommended and the Council's comments. The Council recommended that the new STAP propose approval criteria to guide the selective review of projects by STAP.

6. In early February 1995 the Executive Director moved to appoint a reconstituted STAP, based on the recommendation of a STAP Search Committee which included five distinguished independent senior scientists, and on consultations with UNDP and the World Bank, taking into consideration candidatures presented by States participating in the GEF, scientific organizations, the GEF Implementing Agencies, some United Nations system agencies and a number of non-governmental organizations. The new STAP has 12 members, as requested by the third meeting of the GEF Council, from developing and developed countries; three are women.

Participation in the Development of GEF Policies and Operational Strategies

7. UNEP Secretariat staff played a key role in developing a Scoping Paper on International Waters, first discussed by the GEF Council in November 1994 and again in February 1995. The second draft, in particular, came very close to the issues and strategy and technical approaches towards which UNEP's intensive coordinating efforts had pointed since April 1994. In addition, UNEP provided strategic and technical expertise in preparing a paper on the scope and preliminary operational strategy for land degradation, endorsed by the third meeting of the GEF Council in February 1995.

Undertaking Specific Types of Catalytic-Project Related Activities

8. UNEP maintained a portfolio of five pilot phase projects totalling US \$19.3 million and one pre-investment study of US \$0.1 million. Three of the projects are on biodiversity and two are on climate change. The report "UNEP Projects in the GEF Pilot Phase. A Progress Report" of October 1994 gives a detailed account of all these project activities, as well as background to other UNEP activities during the pilot phase.

9. UNEP proposed and the GEF Council at its February 1995 meeting approved two additional projects, bringing the number of UNEP projects to seven. One of the new initiatives, "Country Case Studies on Climate Change Impacts and Adaptations Assessment - Phase I", will enable countries to develop and carry out studies of possible economic and environmental impacts, identify vulnerable areas and elaborate adaptation plans for climate change. The second project,

"Economics of Greenhouse Gases Limitations - Phase I: Establishment of a Methodological Framework for Climate Change Mitigation Assessment" will assist countries and the international community to conduct economic analyses of climate change mitigation strategies and identify investment options by applying and refining a consistent methodological framework.

Management structure

10. On 22 December 1994, the Executive Director decided to establish a GEF Coordination Office and separated it from UNEP's Clearing-house Unit for Technical Cooperation. She assigned UNEP staff members provisionally as focal points for the GEF focal areas. Since 16 January 1995 the Acting Deputy Executive Director has functioned as Acting GEF Executive Coordinator. A new Acting Deputy GEF Executive Coordinator and a new Acting Secretary to STAP were appointed on 1 February 1995 and a new Acting GEF Administrative and Fund Management Officer assumed responsibilities in March 1995. Fifteen staff positions for the GEF Coordination Office, including the STAP Secretariat, were submitted and classified by the United Nations Headquarters, although at its February 1995 meeting the GEF Council's decision on the budgets for the Secretariat and Implementing Agencies made it necessary to move ahead only on urgent recruitment with the expectation that other essential recruitment would be possible in the 1996 fiscal year beginning in June 1995.

Conclusion

11. Budgetary stringencies have slowed the momentum of UNEP's recent efforts to strengthen its GEF activities. But steps that have been taken are bringing UNEP closer to full partnership in GEF, and have enabled UNEP to meet better its responsibilities as set out in the GEF Instrument and in Governing Council decision 17/40.

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ADMINISTRATIVE AND BUDGETARY MATTERS

Mercury satellite telecommunications systemReport of the Executive DirectorSummary

At its seventeenth session, the Council was apprised of an offer from several European countries to provide UNEP with an advanced telecommunications system for generation and delivery of environmental data to UNEP's global participants. The Governing Council, by operative paragraph 7 of its decision 17/38, approved the Executive Director's proposal to finalize an agreement with the participants in the Mercury project. The agreement was signed and is currently being implemented. The present report elaborates on the particular improvements in telecommunications services to be attained by UNEP, the status of implementation of the system, the estimated budgetary implications for the future and the specific budgetary implications for 1996-1997.

Suggested action by the Governing Council

The Governing Council may wish to:

- (a) Thank the donors for the generous contribution to the initial Mercury configuration that will facilitate the access of UNEP and its partners to services available through the emerging information highways, as well as allow UNEP better to fulfil its mandate for delivery of environmental data in a more timely, cost-effective and efficient manner;
- (b) Thank the Government of Kenya for its willingness to cooperate with UNEP in the installation of this advanced system which will greatly enhance the timely exchange of environmental data and information on a worldwide basis;
- (c) Encourage countries with environmental data and information assets of value for the monitoring and management of environmental resources to provide ease of access and delivery through this UNEP initiative;

* UNEP/GC.18/1.

(d) Encourage the minimization of operations costs through efficient management by UNEP and through arrangements in host countries that recognize the value of this asset without charges for its utilization;

(e) Encourage the further expansion of this initial programme to new countries and users by seeking additional funding from other sources potentially available to the programme;

(f) Authorize the Executive Director to finance the recurrent costs required to manage and maintain the Mercure system in 1996-1997 by charging US \$500,000 to the management and administrative support costs (MASC) budget (communications) and the remaining costs to projects of the Environment Fund.

UNEP telecommunications plan

1. On 25 November 1994, after extensive consultation within UNEP, with United Nations telecommunications services and with the Government of Kenya, the Executive Director of UNEP and the Director General of the European Space Agency (ESA) signed an agreement for UNEP to accept the donation of a satellite-based telecommunications system. The estimated value of the donation to UNEP is approximately US \$12 million.

2. The system will consist of a set of 16 Intelsat-compatible earth stations to be deployed globally at sites agreed between UNEP and the countries hosting the stations. Of the earth stations, 8 would be capable of high capacity, sufficient to provide full telecommunications services, such as video conferencing, and 8 would be of a lower capacity limited to Internet, fax and e-mail services. Two of the high-capacity stations would be located in Switzerland in order to provide control operations for both east and west sectors, and two of the high-capacity stations would be located at UNEP headquarters to provide direct access east and west from Nairobi.

3. UNEP and ESA have reached agreement on specifications for the engineering design of the system. Contracts for development of the hardware are now being placed with industrial suppliers. In addition, an initiative to provide the necessary satellite traffic capacity through Intelsat has been undertaken by the Swiss Posts and Telecommunications Authority (PTT) on behalf of UNEP. It is anticipated that the Nairobi-Geneva link will be in operation no later than 1 April 1996 and that the total system will be in operation as of November 1996.

4. UNEP has undertaken discussions with Governments to determine their willingness to accept and operate a Mercure terminal within the country in response to UNEP's programmes for data exchange in particular regions. Priority consideration is being given to UNEP regional offices and major UNEP collaborating centres in the first instance. These discussions will lead to the identification of the actual sites by 1 August 1995.

5. In accordance with the agreement for the acceptance of Mercure, UNEP will be responsible for the recurrent costs of operating and maintaining the system for a period of 5 years. A breakdown of the costs to be incurred by UNEP on a full annual basis is:

Lease of Intelsat satellite capacity	\$520,000
Operations by the Swiss PTT	\$200,000
Host country technician charges	\$420,000
Maintenance and spares	\$120,000
Total costs to UNEP	<u>\$1,260,000</u>

6. It should be noted that for 1996 only, Intelsat charges will be US \$390,000 for 9 months. Additionally, host country technician charges are estimated at US \$105,000 for 1996 and US \$210,000 for 1997; also, there will be an estimated US \$335,000 costs for earth stations' installation during the biennium. Maintenance and spares costs are estimated at US \$20,000 only for both 1996 and 1997. In total, estimated recurrent costs in 1996-1997 will be US \$1,975,000. Since cost savings will accrue to both the programmes under the management and administrative support costs (MASC) budget and those under the programme of work, it is proposed that US \$500,000 of the 1996-1997 costs be charged to the MASC budget (communications) and the remainder to Fund activities. From 1998, costs are expected to revert to the schedule in paragraph 5 above.

7. It is anticipated that the above budgetary commitment will be offset through reductions in the requirement for telecommunications leased lines globally, through the more efficient use of e-mail systems instead of telephone and fax, and through the initiation of data and information delivery through the global Internet system, thereby reducing the cost of hard-copy delivery through postal and courier services. It is anticipated that cost savings will be made of US \$4 million through use of Mercure over the biennium. Not all of these savings will be available in 1996-1997, however. Over the biennium as a whole, savings on communications costs are anticipated at the value of US \$3,500,000. The net saving to UNEP will be in the region of US \$1,525,000.

8. In conjunction with the acceptance of Mercure, UNEP has engaged in an overall planning process to develop its system design and implementation strategy for future years. This strategy envisions closer collaboration with the global Internet and leading organizations, such as the National Aeronautics and Space Administration (NASA) of the United States, the National Oceanic and Atmospheric Administration (NOAA) of the United States and ESA, in establishing the systems of the future. The services for browsing and accessing the data and information available throughout the world will be dramatically enhanced through advanced services such as organizational "gophers", the "worldwide web", etc. It is UNEP's intention to integrate its data and information resources to make them easily accessible for advanced scientific users as well as to continue its services to supply more general environmental information to users such as those using global bulletin boards. In addition, UNEP will be collaborating with other United Nations agencies to assure the compatibility of systems and the expanding utilization for the mutual needs of the organizations.

9. The combination of this technology for fast and efficient delivery of environmental data, in conjunction with the UNEP assets and assistance in environmental analysis, policy and management, represents a total response for capacity-building in developing countries. This new potential for worldwide assistance in environmental management on a day-to-day, minute-to-minute basis will revolutionize the ability of environment ministries and other interested parties throughout the world to access, analyse, and examine questions of environmental importance.
